

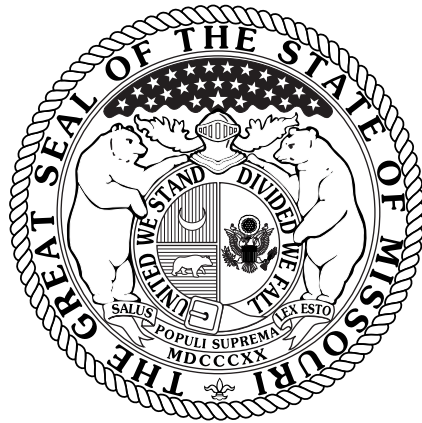
# MISSOURI



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2005**

***STATE OF MISSOURI***  
***COMPREHENSIVE ANNUAL***  
***FINANCIAL REPORT***

***Fiscal Year Ended June 30, 2005***



***MATT BLUNT***  
***Governor***

***MICHAEL N. KEATHLEY***  
*Commissioner*  
*Office of Administration*

***THOMAS J. SADOWSKI***  
*Director*  
*Division of Accounting*

***On the Cover:***

- Upper Left - Watkins Woolen Mill State Historic Site near Lawson
- Upper Right - Missouri River Bridge near Hermann
- Center - Lake of the Ozarks
- Lower Left - Grand Shoals Creek near Joplin
- Lower Right - Dillard Mill State Historic Site near Davisville

*Photos courtesy of the Missouri Division of Tourism*

This report can be viewed on the internet at [www.oa.mo.gov/acct/cafr\\_fy05.htm](http://www.oa.mo.gov/acct/cafr_fy05.htm)

STATE OF MISSOURI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2005

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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that influence these activities.*

**Matt Blunt**  
Governor



**Michael N. Keathley**  
Commissioner

State of Missouri  
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Division of Accounting  
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**Thomas J. Sadowski**  
Director

January 20, 2006

The Honorable Matt Blunt  
The Honorable Members of the Legislature  
Citizens of the State of Missouri

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report of the State of Missouri for the fiscal year ended June 30, 2005. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

The report is prepared to show the financial position and operating results of the State. The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

An annual audit of the basic financial statements is completed each year by the State of Missouri Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all federal funds in accordance with the Federal Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-133, "Audit of State and Local Governments and Non-Profit Organizations."

A narrative introduction, overview, and analysis of the basic financial statements is presented in the *Management's Discussion and Analysis (MD&A)* section of this report. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

## **PROFILE OF THE GOVERNMENT**

Missouri was organized as a territory in 1812 and was the second state (after Louisiana) of the Louisiana Purchase to be admitted to the Union. Statehood was granted on August 12, 1821, making Missouri the 24th state. The State encompasses 68,945 square miles.

The State operates under three branches of government: executive, legislative, and judicial. The executive branch consists of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, and Attorney General. The legislative branch consists of 34 members of the Senate, and 163 members of the House of Representatives. The judicial branch is a three-tier court system. The Supreme Court, the State's highest court, has statewide jurisdiction; a court of appeals that consists of districts established by the General Assembly; and a system of circuit courts that has original jurisdiction over all cases and matters, civil and criminal.

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, law enforcement, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgetary control is maintained at the departmental level. Expenditures cannot exceed the appropriation amount at the individual appropriation level. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

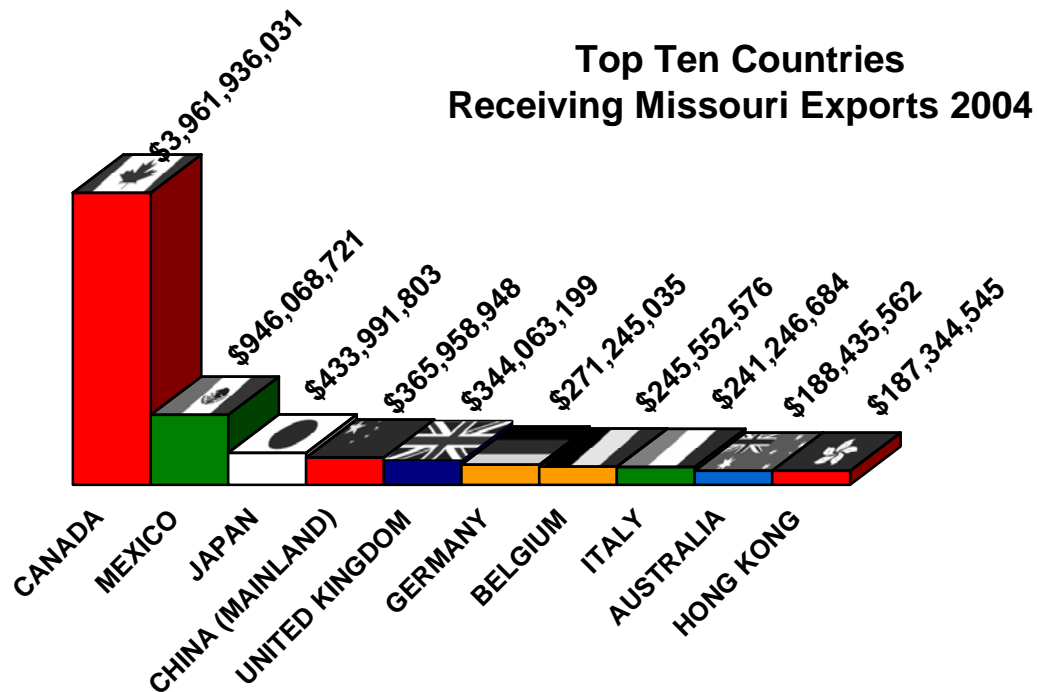
The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State is financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

## ECONOMIC CONDITION

### State Economy

Missouri's economy is both strong and diverse, the 5th most diversified in the nation. As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation.

Missouri's exports totaled nearly \$9 billion in 2004, with products and services sold to over 180 countries. This represents an increase of over \$1.7 billion compared to 2003. Several factors can be attributed to this increase, including the improvement of the global economy in general as well as the diversity of Missouri's economy. The top five exports in 2004 were transportation equipment, chemicals, machinery, computer and electronic products, and electrical equipment. The majority of exports in 2004 were sold to Canada – nearly \$4 billion, while substantial exports were sold to Mexico for approximately \$946 million.



*Source: MERIC and the World Institute for Strategic Economic Research (WISER)*

Both Missouri and the nation experienced employment figures which bottomed out in 2003. Missouri's employment growth began in early 2004, slightly later than the national growth trend. Although Missouri's employment growth during 2004 was somewhat irregular, it has shown strong growth in 2005, with nearly 40,000 jobs being added during the calendar year.

Additional evidence of an improving economy is supported by personal income statistics. Personal income is seen as an indicator of the economic well-being of the residents of a state, of which the largest portion is earnings and wages. Missouri's personal income rose 4.5% in 2004, to nearly \$176 billion annually. Along with higher personal income, Missourians saw a decrease in unemployment. Missouri's unemployment rate peaked in January 2005 at 6.0%, but dropped to a rate of 5.4% in June, the lowest since early 2003. Missouri's per capita personal income averaged \$30,516 in 2004. Although Missouri's per capita income is below the national average, Missourians live and work where the cost of living ranks 6th lowest in the nation.

### **Long-Term Financial Planning**

Missouri funding priorities include education, health care, corrections, and economic development. In order to maintain adequate funding for those programs, reorganizing state government, reducing expenses, and maximizing use of state resources, have been emphasized. Consolidation of similar functions has resulted in more efficient use of personnel and equipment, increased efficiency, and reduced duplication of efforts.

### **Relevant Financial Policies**

The ability of the State to raise additional money through new taxes enacted by the General Assembly is severely limited due to Article X of the Missouri State Constitution. Article X establishes revenue limitations based on a formula, which if exceeded, requires cash refunds to the citizens. Any significant new tax must be approved through a vote of the people.

Missouri will continue to focus on controlling the growth of mandatory programs through various cost-effective alternatives. Missouri has implemented many cost control strategies in the Medicaid program to ensure quality services are provided to the State's neediest residents.

### **Major Initiatives**

**Education.** Funding for elementary and secondary education is the State's top priority. In response to recently filed lawsuits questioning the adequacy and fairness of the current school funding formula, legislation was passed which guarantees funding for all students consistent with the amount spent by districts that meet all of the State's performance standards. The new school funding formula will be phased in with the 2006-2007 school year. For the 2005-2006 school year, funding to Missouri schools was increased by 4.4% or \$158 million.

**Transportation.** The voters of the State approved a Constitutional amendment during November 2004 which redirects certain revenue such as vehicle sales taxes to the Missouri Department of Transportation. The Department has developed the "Smoother, Safer, Sooner" road initiative, which will result in 2,200 miles of new pavement, shoulders with rumble strips, brighter stripes and signs, and the acceleration of road improvement projects. The amendment will be phased in over four years and will be in full effect in 2009.

**Economic Development.** In an effort to promote a positive business environment, laws affecting litigation including medical malpractice and workers' compensation were enacted. Some of the most significant litigation changes include strict rules for establishing venue, limits on joint and several liability only when the defendant is 51% at fault, and a cap on non-economic damages to \$350,000. For cases involving medical malpractice, the law also requires the plaintiff to file an affidavit from a qualified health care provider which states the defendant failed to use reasonable care. Additional medical malpractice reforms state that physicians providing free health care are not liable for civil damages unless damages were caused by gross negligence or willful or wanton acts. Workers' compensation reforms include modifying the definition of "accident" and "injury", requiring compensation only when the prevailing factor of the condition was work related, and severely limiting the compensation when the injured party did not obey safety rules or was under the influence of drugs or alcohol.

**Human Services.** Since Medicaid expenses have been increasing at an unsustainable rate, the legislature passed several Medicaid cost containment measures and established the Medicaid Reform Commission. The Commission was required to make recommendations related to reforming, redesigning, and restructuring the current Medicaid system by January 1, 2006. In the meantime, legislation has enacted reforms including yearly income eligibility reviews, the reduction of income levels to be eligible for Medicaid, and the requirement for recipients to share medical costs through co-pays and premiums.

**Government.** In January 2005, the Governor established the Missouri State Government Review Commission by executive order. The Commission consists of twenty individuals from across the State. The executive order states the Commission's task is "reviewing every Executive Department within our state government to identify opportunities to restructure, retool, reduce, consolidate, or eliminate state government functions in accordance with what will result in the best and most cost-effective service for Missouri citizens." The Commission's report was issued November 23, 2005, identifying 84 suggestions for improving state government. This report can be found at [http://review.mo.gov/pdf/MSGRC\\_FinalReport.pdf](http://review.mo.gov/pdf/MSGRC_FinalReport.pdf).

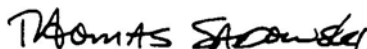
Prior to the Commission's final report, efficiencies were achieved by consolidating in-home health services provided to the elderly and disabled. These services were merged into one agency rather than three, thereby reducing duplication of efforts. Transitioning the State's revenue license offices into offices run by contract agents will save millions of dollars each year, without decreasing customer service. Further cost savings have been achieved by restricting the purchase of non-emergency vehicles, cell phones, and the purchase and leasing of new office space. The State is also moving toward providing more services online, such as implementing a new online application system for state merit job openings. This new system will speed up the process for job applicants as well as increase efficiency and cut costs to state government.

## ACKNOWLEDGEMENTS

While the Office of Administration, Division of Accounting, is responsible for the contents of this report, no one division could do it alone. Many people were involved in the compilation of materials necessary to complete the report.

We want to issue a special thanks to all the personnel at the State agencies who provided us with information quickly and accurately so that we could issue the CAFR in a timely manner. We also owe thanks to the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, Information Technology Services Division, and the State Printing Center. We are greatly appreciative to all.

Sincerely,

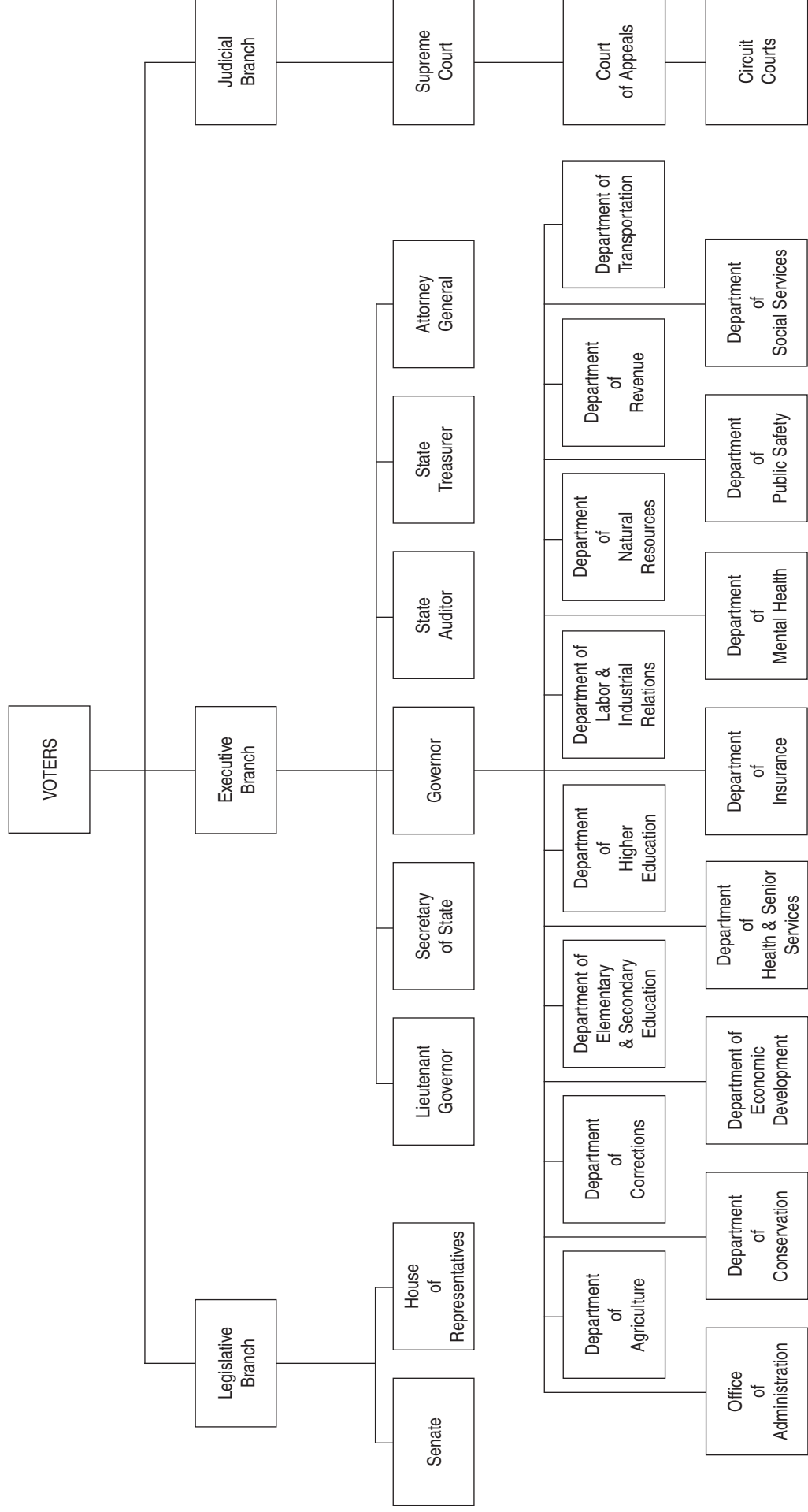


Thomas Sadowski, CGFM, CPA  
Director

# STATE OF MISSOURI

## ORGANIZATIONAL CHART

June 30, 2005



STATE OF MISSOURI  
PRINCIPAL STATE OFFICIALS  
as of June 30, 2005

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**EXECUTIVE**

Matt Blunt  
*Governor*

Peter Kinder  
*Lieutenant Governor*

Robin Carnahan  
*Secretary of State*

Claire McCaskill  
*State Auditor*

Sarah Steelman  
*State Treasurer*

Jeremiah W. (Jay) Nixon  
*Attorney General*

**LEGISLATIVE**

Michael Gibbons  
*President Pro Tem of the Senate*

Rod Jetton  
*Speaker of the House of Representatives*

**JUDICIAL**

Michael A. Wolff  
*Chief Justice of the Supreme Court*



*The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Supplementary Information.*



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Matt Blunt, Governor  
and  
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2005, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan which represents 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represents 41 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represents 95 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

We were not allowed access to tax returns and related source documents for income taxes. Access was denied by the Director of Revenue based on her interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). Approximately 27 percent of governmental activity revenues are from this source. We were unable to satisfy ourselves by appropriate audit tests or other means as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented the Government Accounting Standards Board statement Number 46, *Net Assets Restricted by Enabling Legislation*.

In accordance with *Government Auditing Standards*, our report on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, and except for the effects, if any, of the matter discussed in paragraph three, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information in the introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

January 19, 2006 (fieldwork completion date)



*The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State.*

# Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (the State's) financial activities for the fiscal year ended June 30, 2005. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

## HIGHLIGHTS

### Government-Wide:

- Assets of the State's governmental activities exceeded liabilities by \$27.4 billion; however this represents a decrease in net assets of \$92.2 million or 0.34% from the prior year. This decrease can be accounted for by an increase in accounts payable of \$115.6 million, an increase in long-term liabilities of \$42.3 million (primarily leases and claims liabilities), and a decrease in capital assets of \$36.1 million.
- Liabilities of the State's business activities exceeded assets by \$71 million; however this represents an increase in net assets of \$18.6 million or 20.75% from the prior year. This increase can be explained primarily by a significant decrease to unemployment compensation benefits.

### Fund-Level:

- Governmental fund assets exceeded liabilities by \$3.1 billion, a decrease of \$291.2 million or 8.66% from the prior year. The decrease was primarily due to the increase of \$389.6 million in liabilities from which \$252.9 million were deferred revenue.

### Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable decreased \$115.7 million or 4.66% over the prior year. The outstanding bonds payable represents 41.0% of financial assets (cash, receivables, and investments) and 7.10% of total assets. The net decrease in bonds payable resulted from decreases of \$107,070,000 due to bond payments and \$166,250,000 due to bond refundings and increases of \$157,605,000 due to issuances of General Obligation, State Road, and Other Bonds. Additional detail is available in *Note 12*.

### Revenue Limit:

- The State Constitution limits the State's ability to retain revenue collected over an amount set by a constitutional amendment known as Article X or the Hancock Amendment. Excess revenue must be refunded to the taxpayers each year. During fiscal year 2005, the State did not exceed the revenue limit.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of the State's financial position.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

*Governmental Activities* are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

*Business-Type Activities* are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, insurance coverage, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds.

*Discretely Presented Component Units* are operations for which the State has financial accountability, but are legally separate. They include colleges and universities, the Missouri Development Finance Board, Agricultural and Small Business Development Authority, and various highway transportation corporations.

### **Fund Financial Statements:**

The fund financial statements present more detail about the government's operations than the government-wide statements. The State uses fund accounting to ensure and demonstrate compliance with statutory requirements. All of the funds of the State can be divided into three categories: governmental, proprietary, and fiduciary funds.

*Governmental funds* are used to account for most of the basic services provided by the State. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Major Funds include general, public education, conservation and environmental protection, transportation and law enforcement, and the State Road Fund which are presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

In order for the user to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, a reconciliation to facilitate this comparison is provided on the page immediately following each governmental fund financial statement.

*Proprietary funds.* Proprietary funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees. Generally, the State uses enterprise funds to account for activities that provide goods and services to the general public. These include constructing and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health-care plans, as well as administrative services for other state agencies, such as fleet management, data processing, and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds focus on economic resources and utilize the full accrual basis of accounting. The proprietary fund financial statements provide separate information for the State Lottery, Unemployment Compensation, and Petroleum Storage Tank Insurance, which are considered major enterprise funds. All internal service funds are combined into a single column in the proprietary fund financial statements. Non-major enterprise funds are combined into a single column for aggregated presentation. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the general fund and major special revenue funds. Other supplementary information includes the combining statements for the general, non-major governmental, non-major enterprise, internal service, fiduciary, and non-major component unit funds. It also includes the statistical section as well as budgetary comparison schedules for the State Road, non-major special revenue, debt service, and permanent funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets:

The following table displays the current and prior year government-wide condensed Statement of Net Assets.

STATEMENT OF NET ASSETS						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2005	2004*	2005	2004*	2005	2004*
<b>ASSETS:</b>						
Current and Other Assets	\$ 5,465,458	\$ 5,350,225	\$ 426,345	\$ 400,457	\$ 5,891,803	\$ 5,750,682
Capital Assets, Net	27,396,609	27,432,714	39,053	39,601	27,435,662	27,472,315
<i>Total Assets</i>	<u>32,862,067</u>	<u>32,782,939</u>	<u>465,398</u>	<u>440,058</u>	<u>33,327,465</u>	<u>33,222,997</u>
<b>LIABILITIES:</b>						
Other Liabilities	1,378,000	1,248,997	302,782	305,120	1,680,782	1,554,117
Long-Term Liabilities						
Outstanding	4,074,019	4,031,712	233,646	224,574	4,307,665	4,256,286
<i>Total Liabilities</i>	<u>5,452,019</u>	<u>5,280,709</u>	<u>536,428</u>	<u>529,694</u>	<u>5,988,447</u>	<u>5,810,403</u>
<b>NET ASSETS:</b>						
Invested in Capital Assets,						
Net of Related Debt	25,486,977	25,476,294	39,053	38,266	25,526,030	25,514,560
Restricted	3,208,685	3,257,562	12,407	13,673	3,221,092	3,271,235
Unrestricted	(1,285,614)	(1,231,626)	(122,490)	(141,575)	(1,408,104)	(1,373,201)
<i>Total Net Assets</i>	<u>\$ 27,410,048</u>	<u>\$ 27,502,230</u>	<u>\$ (71,030)</u>	<u>\$ (89,636)</u>	<u>\$ 27,339,018</u>	<u>\$ 27,412,594</u>
*Fiscal year 2004 amounts have been restated.						

The State's total net assets decreased \$73.6 million or 0.27% during fiscal year 2005. This decrease resulted primarily from an increase of \$178.0 million in liabilities. Capital assets net of related debt and restricted assets, which do not represent resources available to pay day-to-day operating expenses, decreased by \$38.7 million or 0.13%.

The largest component of the State's net assets at \$25.5 billion or 93.37% is invested in capital assets net of related debt, such as bonds payable or capital lease obligations. These assets include land, infrastructure, buildings, and equipment which are not easily converted to cash nor readily available to pay state debts as they come due.

Restricted net assets of the primary government totaled \$3.2 billion or 11.78% of total net assets, vs. 11.93% from the prior year. Net assets are restricted for several reasons including constitutional, legal, or external requirements. Examples of restricted net assets include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

#### Changes in Net Assets:

The following table displays the current and prior year government-wide condensed Statement of Activities.

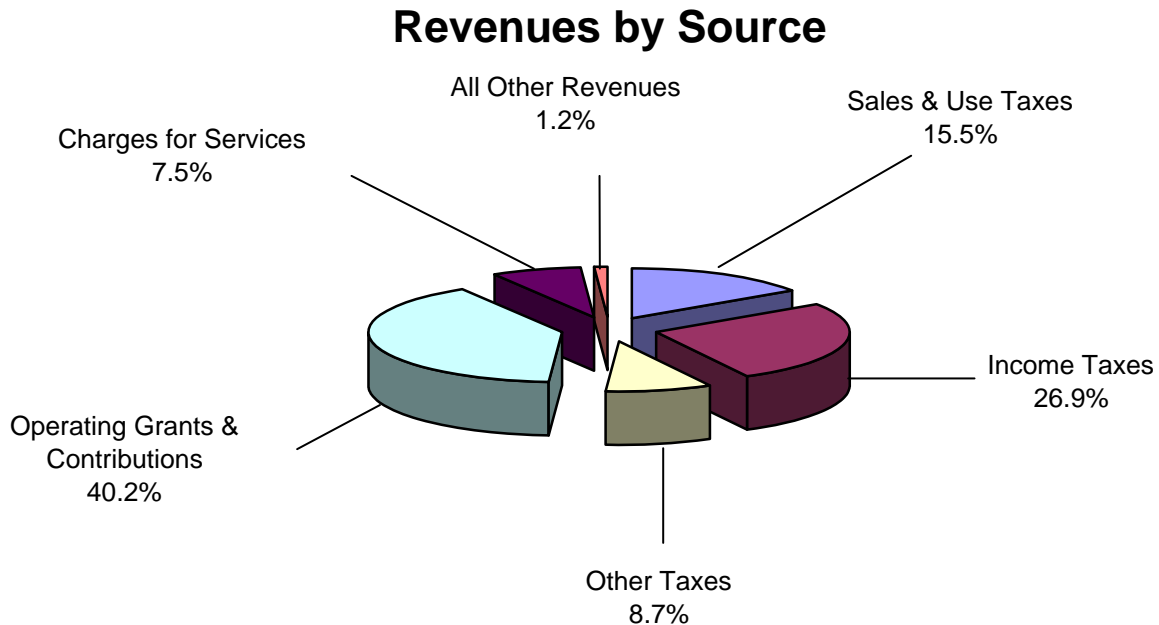
<b>STATEMENT OF ACTIVITIES</b>						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2005	2004*	2005	2004*	2005	2004*
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	\$ 1,450,194	\$ 1,446,601	\$ 855,468	\$ 861,917	\$ 2,305,662	\$ 2,308,518
Operating Grants and Contributions	7,767,844	7,328,176	544,697	538,949	8,312,541	7,867,125
General Revenues:						
Sales and Use Taxes	3,003,405	2,827,294	---	---	3,003,405	2,827,294
Income Taxes	5,172,616	4,713,162	---	---	5,172,616	4,713,162
Unemployment and Other Taxes	1,686,767	1,598,491	---	---	1,686,767	1,598,491
Other Revenues	237,680	66,827	3,951	(5,722)	241,631	61,105
<i>Total Revenues</i>	<u>19,318,506</u>	<u>17,980,551</u>	<u>1,404,116</u>	<u>1,395,144</u>	<u>20,722,622</u>	<u>19,375,695</u>
<b>EXPENSES:</b>						
General Government	754,664	719,349	---	---	754,664	719,349
Education	5,669,602	5,377,304	---	---	5,669,602	5,377,304
Natural and Economic	624,461	1,030,696	---	---	624,461	1,030,696
Transportation and Law Enforcement	2,009,647	1,737,859	---	---	2,009,647	1,737,859
Human Services	9,731,318	8,830,104	---	---	9,731,318	8,830,104
State Lottery	---	---	575,678	575,071	575,678	575,071
Unemployment Compensation	---	---	501,098	695,647	501,098	695,647
Petroleum Storage Tank	---	---	25,916	12,281	25,916	12,281
Veterans' Homes	---	---	58,745	51,962	58,745	51,962
All Other Expenses	828,155	838,572	16,914	15,947	845,069	854,519
<i>Total Expenses</i>	<u>19,617,847</u>	<u>18,533,884</u>	<u>1,178,351</u>	<u>1,350,908</u>	<u>20,796,198</u>	<u>19,884,792</u>
Excess (Deficiency) of Net Assets before Transfers	(299,341)	(553,333)	225,765	44,236	(73,576)	(509,097)
<i>Transfers</i>	<u>207,159</u>	<u>219,003</u>	<u>(207,159)</u>	<u>(219,003)</u>	<u>---</u>	<u>---</u>
Change in Net Assets	(92,182)	(334,330)	18,606	(174,767)	(73,576)	(509,097)
<i>Beginning Net Assets</i>	<u>27,502,230</u>	<u>27,836,560</u>	<u>(89,636)</u>	<u>85,131</u>	<u>27,412,594</u>	<u>27,921,691</u>
<i>Ending Net Assets</i>	<u>\$ 27,410,048</u>	<u>\$ 27,502,230</u>	<u>\$ (71,030)</u>	<u>\$ (89,636)</u>	<u>\$ 27,339,018</u>	<u>\$ 27,412,594</u>
*Fiscal year 2004 amounts have been restated.						

As shown on the above schedule, total revenue collections increased by \$1.3 billion or 6.95% during fiscal year 2005. Total expenses increased by \$911.4 million or 4.58% during fiscal year 2005. Those functions with the largest percentage increase include Human Services with 46.79% of total expenses in 2005 vs. 44.41% of total expenses in 2004 and Transportation and Law Enforcement with 9.66% of total expenses in 2005 vs. 8.74% of total expenses in fiscal year 2004.

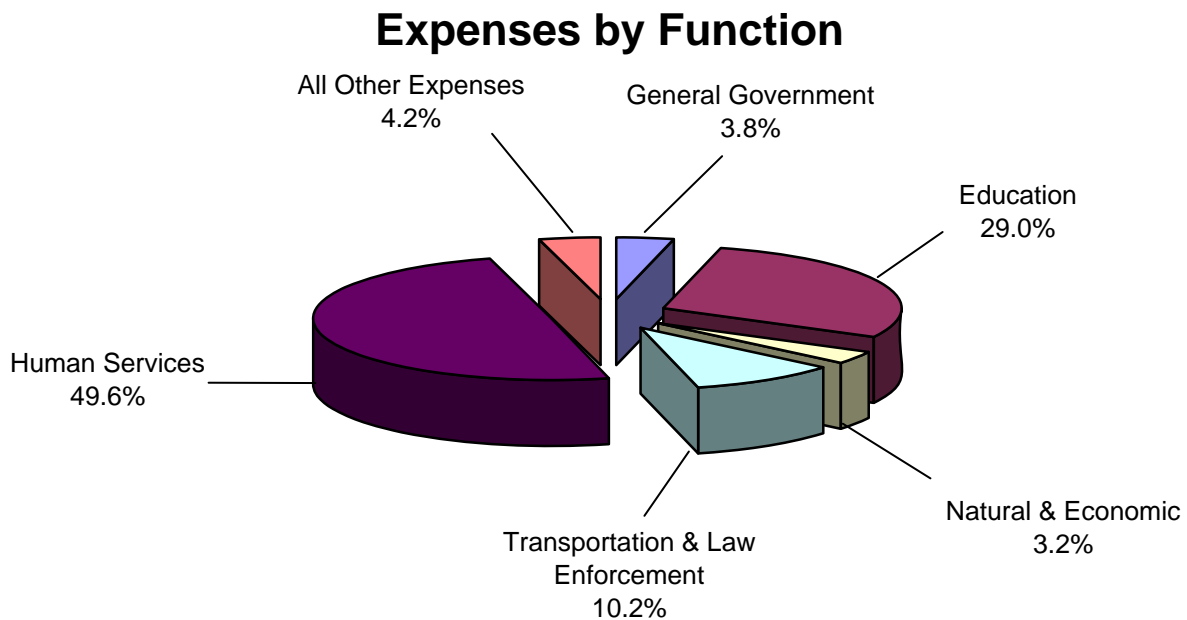
### Governmental Activities:

Governmental activities decreased the State's net assets by \$92.2 million due primarily to the increase of \$1.1 billion in expenses of which \$901.2 million relates to the increase in human services expenses.

The following chart depicts revenues of the governmental activities for the fiscal year:



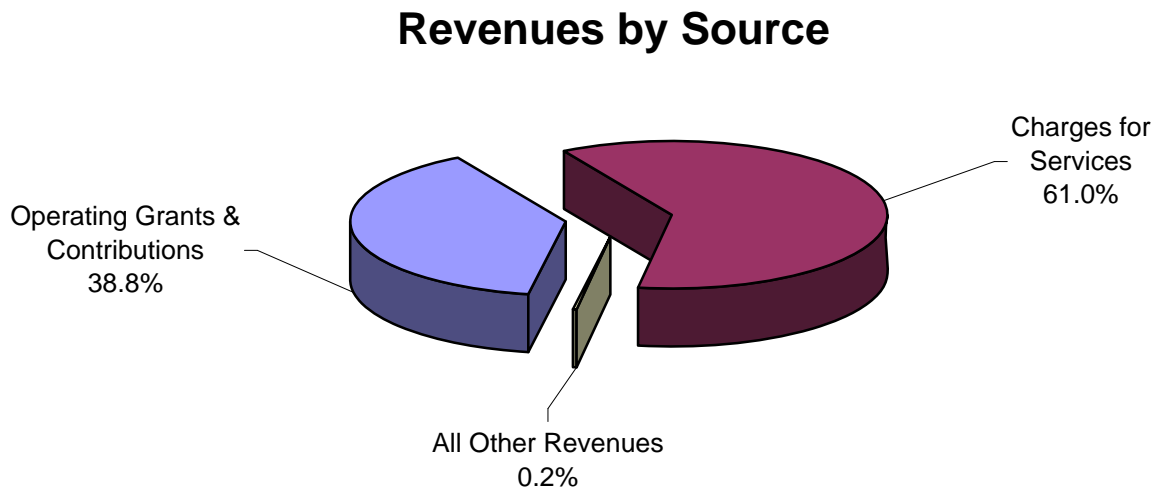
The following chart depicts expenses of the governmental activities for the fiscal year:



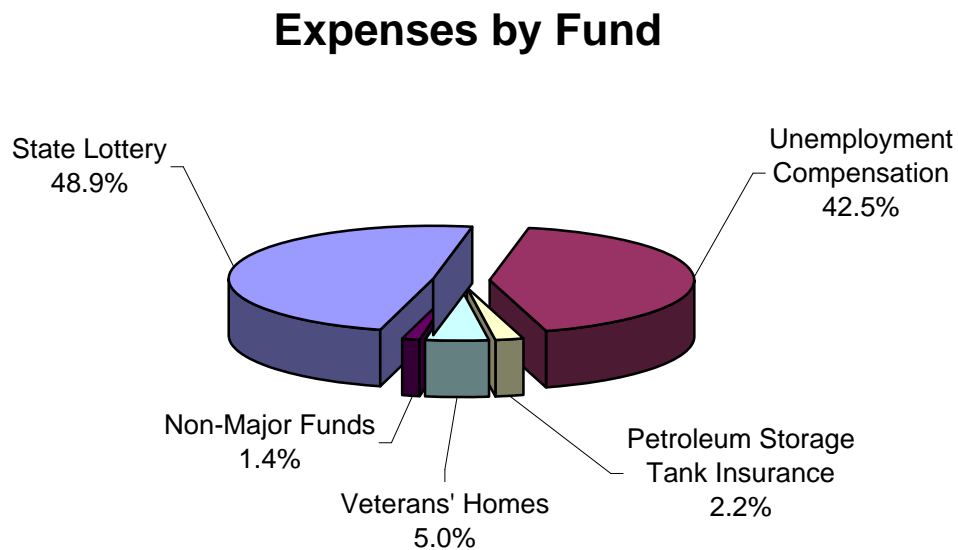
### Business-Type Activities:

Net assets of the business-type activities increased by \$18.6 million during the fiscal year due primarily to the increase of \$9 million in total revenues and to the decrease of \$172.5 million in total expenses.

The following chart depicts revenues of the business-type activities for the fiscal year:



The following chart depicts expenses of the business-type activities for the fiscal year:



## FUND STATEMENT ANALYSIS

### Governmental Funds:

At the end of fiscal year 2005, the State's governmental funds reported combined ending fund balances of \$3.1 billion, a decrease of \$291.2 million or 8.66% over fiscal year 2004. Approximately 52.63% is unreserved and available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other purposes.

Fund balances (in thousands) for governmental funds are as follows:

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non- Major	Total
Unreserved	\$ 326,907	\$ 229,885	\$ 386,770	\$ 187,699	\$ 120,202	\$ 364,518	\$ 1,615,981
Reserved	577,561	46	604,357	6,950	111,007	154,499	1,454,420
<b>Total</b>	<b>\$ 904,468</b>	<b>\$ 229,931</b>	<b>\$ 991,127</b>	<b>\$ 194,649</b>	<b>\$ 231,209</b>	<b>\$ 519,017</b>	<b>\$ 3,070,401</b>

The General Fund is the chief operating fund of the State. At the end of fiscal year 2005, the State's General Fund reported a total fund balance of \$904.5 million. The net decrease in fund balance during fiscal year 2005 was \$270.6 million. Revenues of the general fund totaled \$14.8 billion in fiscal year 2005, an increase of \$892 million from fiscal year 2004. Factors contributing to this increase included the following:

- Revenue from taxes increased \$476.6 million from fiscal year 2004 to fiscal year 2005. The most significant increase was Individual Income Tax, which increased \$288.3 million, and an increase of \$63.1 million in revenue from sales and use tax.
- Contributions and intergovernmental revenues increased by \$398.7 million during fiscal year 2005 due primarily to an increase of \$514.3 million in revenue from federal receipts for grants or programs financed by the U.S. Department of Health and Human Services and a decrease of \$138.5 million from federal receipts for grants or programs financed by other federal sources.

Expenditures of the General Fund totaled \$12.7 billion in fiscal year 2005, an increase of \$1.2 billion from fiscal year 2004. The major factor that contributed to this was an increase of \$937.3 million to human services expenditures due primarily to two factors:

- An increase of \$138.6 million paid to individual recipients for social welfare.
- An increase of \$471 million in payments to doctors, hospitals, consultants and optical companies, and similar institutions who also provide medical treatment to social welfare recipients.

The public education fund category provides general and special education services to the children of the State and other related functions such as library services and student loans. Total fund balance increased by \$32.3 million. Expenditures of the public education funds totaled \$3.8 billion in fiscal year 2005, an increase of \$156.1 million from fiscal year 2004. The major factor that contributed to this was an increase of \$143.7 million in the education expenditures for an increase in aid to educational institutions and school districts for expenditures by the institution or the district.

The conservation and environmental protection fund category provides for the preservation of the State's wildlife and environment. The fund balance increased by \$52 million. Revenues of the conservation and environmental protection funds totaled \$321 million for fiscal year 2005, a decrease of \$21.7 million from fiscal year 2004. The major contributing factor is a decrease of \$31 million in contributions and intergovernmental revenues due mainly to a decrease of \$34.5 million in federal receipts for grants or programs financed by the U.S. Environmental Protection Agency and an increase of \$3 million in revenue from conservation sales and use tax.

Expenditures of the conservation and environmental protection funds totaled \$272 million for fiscal year 2005, an increase of \$4.1 million. The major factor that contributed to this was an increase of \$61.4 million in natural and economic resources and a decrease of \$47.7 million in intergovernmental expenditures.

The transportation and law enforcement fund category provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety. The fund balance increased by \$62.3 million. Revenues increased \$24.5 million during fiscal year 2005. The major factor contributing to this was an increase of \$15.6 million in revenue from license fees and permits. Out of this amount, \$3 million is revenue from motor vehicle license and permits and \$2 million is in the form of charges to owners and operators of motor vehicle and trailers operated in interstate or combined interstate/intrastate commerce.

The State Road Fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The fund balance decreased by \$98.7 million in fiscal year 2005. Revenues of the State Road Fund increased during fiscal year 2005 by \$127.1 million primarily due to an increase of \$108.2 million in revenues from contributions and intergovernmental. Out of this amount, \$95.5 million are from federal receipts for grants or programs financed by the U.S. Department of Transportation.

#### **Proprietary Funds:**

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery was established in 1986 to account for the sale of lottery tickets and lottery operations. Since 1992, public education has been the sole beneficiary of lottery proceeds. Unemployment Compensation accounts for contributions and payments collected from Missouri employers under the provision of the "Unemployment Compensation Law". This tax finances benefits for workers who become unemployed through no fault of their own. The Petroleum Storage Tank Insurance Fund accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks. The fund pays cleanup expenses from petroleum leaks or spills from underground storage tanks and certain above ground storage tanks as well as third party property damage or bodily injury resulting from such discharges. This fund is one of the largest insurers of tanks in the country.

The State Lottery Fund's net assets increased by \$630,000. Revenues decreased by \$5.9 million during the year because of the decrease of \$5.6 million in lottery ticket sales.

The Unemployment Compensation Fund's net assets increased by \$18.3 million due primarily to a decrease of \$194.5 million in unemployment benefit expenses.

The Petroleum Storage Tank Insurance Fund's net assets increased by \$946,000. Expenses increased by \$13.8 million primarily due to an increase of \$13.4 million in specific programs.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget is the first complete appropriated budget that is truly agreed to and finally passed, and signed by the Governor. The final budget includes emergency and supplemental appropriations, transfers, and increases to estimated appropriations.

Budgeted appropriations for fiscal year 2005 from the general fund were \$16.6 billion original budget and \$17 billion revised budget. Actual spending was \$15.9 billion. Reasons for the budget variances include:

- Federal grants received were lower than appropriation authority.
- Multiple year grants are appropriated in one year but the expenditures may occur over several years.
- Appropriation authority exceeded cash available for expenditures.
- Federal moneys related to Medicaid were lost because the Department of Social Services did not have available the money for the required state match.

Budgeted revenues/transfers in for fiscal year 2005 for the general fund was \$15.6 billion original budget and \$15.6 billion revised budget. Actual revenue/transfers in was \$15.7 billion. Reasons for the budget variances include:

- Revenue growth in fiscal year 2005 outpaced economic growth forecasts for the State. Many economic forecasting experts predicted strong growth in production, but slow growth in jobs. Since Missouri's revenues are highly dependent on withholding and sales taxes, continued conservatism in the forecast was justified.
- Tax changes at the Federal level, particularly the Jobs and Growth Tax Relief Reconciliation Act of 2003, created uncertainty and posed substantial downside risk. While some provisions of the Act benefited Missouri's revenues, the Act also raised the standard deduction for many filers and enhanced depreciation allowances.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 92 for more information on budgetary variances.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2005, was \$27.4 billion (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, and infrastructure.

### Capital Assets of the State include (in thousands):

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 440,480	\$ 5,836	\$ 446,316
Infrastructure in Progress	3,046,299	---	3,046,299
Land	2,400,996	5,748	2,406,744
Land Improvements	137,088	4,818	141,906
Buildings and Improvements	2,046,814	26,069	2,072,883
Equipment	1,116,926	46,569	1,163,495
Infrastructure	38,064,362	---	38,064,362
<i>Subtotal</i>	47,252,965	89,040	47,342,005
Less Accumulated Depreciation	(19,856,356)	(49,987)	(19,906,343)
<b><i>Total Capital Assets, Net</i></b>	<b>\$ 27,396,609</b>	<b>\$ 39,053</b>	<b>\$ 27,435,662</b>

Additional information on capital assets can be found in *Note 5* of this report.

### Long-Term Debt:

At the end of fiscal year 2005, the State had total general obligation and other bonded debt outstanding of \$2.4 billion. Of this amount, \$790.9 million comprises debt backed by the full faith and credit of the government.

During fiscal year 2005, \$157,605,000 of general obligation refunding bonds were issued to refund \$166,250,000 of general obligation bonds and to take advantage of lower interest rates. Principal amounts retired in fiscal year 2005 were \$55,560,000 for general obligation bonds and \$51,510,000 for other revenue bonds.

The State of Missouri is proud to be one of only six states to maintain a Triple-A credit rating from all three major credit rating agencies (Moody's Investor Services, Inc., Standard and Poor's, and Fitch Ratings, Inc.) on the State's General Obligation Bonds.

**Outstanding Bonds Payable of the State include (in thousands):**

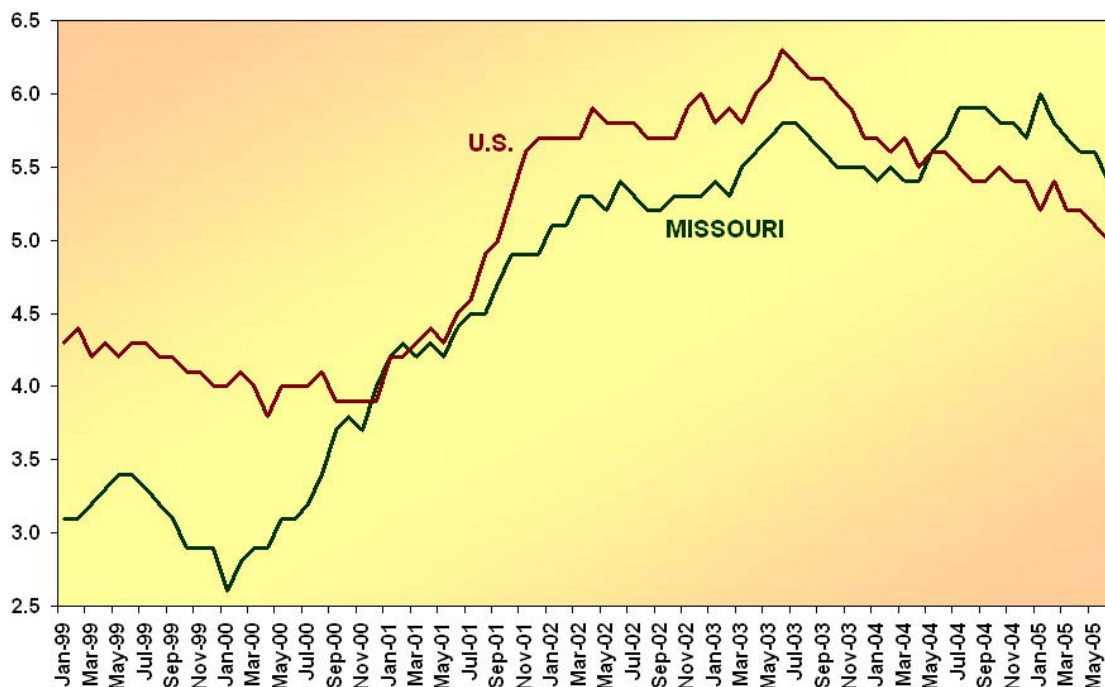
	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 790,910	\$ ---	\$ 790,910
Other Bonds	1,577,000	1,005,041	2,582,041
<b>Total</b>	<b>\$ 2,367,910</b>	<b>\$ 1,005,041</b>	<b>\$ 3,372,951</b>

Additional information on long-term debt can be found in *Notes 11, 12, and 13* of this report.

**ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET**

Missouri's economic future remains positive as evidenced by economic indicators and statistics. Missouri's exports totaled approximately \$9.7 billion in fiscal year 2005 which is nearly a half a billion ahead of the record sales of fiscal year 2004. Missouri ranked No. 21 nationally in personal income growth with an increase of 1.1% from the fourth quarter of 2004 to the first quarter of 2005. This outpaced the national average of 0.7%. Cost of living in Missouri is the 6th lowest in the nation and the Purchaser Manager's Index (PMI) for June was 56. A score of above 50 indicates an expanding economy.

**U.S. AND MISSOURI UNEMPLOYMENT RATE, SEASONALLY ADJUSTED**



Source: MERIC & U.S. Bureau of Labor Statistics

After fairly irregular employment growth in 2004, Missouri's employment is beginning to show strong growth in 2005. Approximately 39,700 jobs have been added to Missouri's economy, on a seasonally adjusted basis, representing an annual growth rate of about 3.5%. During that period, all major industry groups, except "other services" and government expanded; private sector industry employment increased by 42,800 jobs between January and June of this year.

During fiscal year 2005, Missouri's unemployment rate peaked in January at 6%. Since then, the unemployment rate has been decreasing, dropping to 5.4% in June. This is a 0.3% decrease from the end of June in fiscal year 2004 and the lowest the unemployment rate has been since February 2003 when it was 5.3%. Historically, Missouri's unemployment rate has been lower than the nation's rate and has mirrored its changes. However, since June 2004, Missouri's unemployment rate has exceeded the U.S. unemployment rate, thanks in part to a growing labor force.

The State of Missouri completed fiscal year 2005 with a growth in revenues of 5.8% from fiscal year 2004 and a balanced budget. Balancing the budget included cuts in the state workforce of 1,456 positions, debt management, and a reduction to Medicaid. However, significant funding challenges are still on the horizon involving education, Medicaid, and correctional facilities.

Funding for Missouri schools remains a challenge. Elementary and secondary education became the top public priority in 2005 with a revision of the school funding formula. This revision calls for an increase in spending by about \$800 million to be phased in by the 2012-13 school year. This revision came in response to a lawsuit filed by 257 of the 524 Missouri schools against the State in January 2004 over both the equity of funding between schools and the overall adequacy of school funding. An amended lawsuit filed in November 2005, by 231 of the schools is still pending. In fiscal year 2006, lawmakers have increased education spending by 4.4% or \$158 million.

State universities and community colleges have experienced several substantial funding cuts during past years. In the last two years, tuition has increased by 23.8% for four-year institutions and 16.2% at community colleges. However, the level of funding for higher education will remain the same for 2006 as it was for 2005.

The percentage growth for Medicaid is expected to continue to outpace growth in general revenue for fiscal year 2006. In response, the State has implemented changes in order to sustain the program, including reducing the income eligibility levels and certain optional services for the working disabled and general relief medical assistance programs and reverification of eligibility. The Medicaid Reform Commission was also formed with the purpose of making recommendations to the General Assembly on redesigning, reforming, or restructuring a new Medicaid system to be enacted on June 30, 2008. These changes impact 90,000 Missourians and will cut approximately \$474 million dollars from Medicaid in fiscal year 2006.

Tougher crime laws have made it increasingly costly for the State's correctional facilities. The prison population has doubled since 1990 to around 31,000 inmates. The cost of maintaining these facilities has also doubled to a total of \$589 million in fiscal year 2006. Rising costs and budgetary pressures have led to the closing of several inefficient state prisons in fiscal year 2005 including the Missouri State Penitentiary, the Chillicothe Correctional Center, and Church Farm. Inmates at these closed prisons were moved to other correctional facilities.

Despite funding challenges, the State is working to stimulate the economy, increase efficiency, and decrease costs. In the past year, Missouri has passed Senate Bill 343 – the Missouri Quality Jobs Act which creates a new incentive program that rewards businesses for new jobs created, House Bill 393 – Tort Reform to address Missouri's medical malpractice insurance crisis and moderate the litigation environment, and Senate Bill 1 – Worker's Compensation Reform which creates a reasonable balance between the rights of workers to be compensated for their legitimate work-related injuries and the needs of businesses to have an affordable worker's compensation system. These measures should encourage economic development in Missouri, and benefit workers and employers alike.

Events taking place after the State's fiscal year end include:

- Information Technology Resources will be consolidated within the Office of Administration for a more effective use of state resources and lower cost.
- In November 2005, the Report and Recommendations of the Missouri State Government Review Commission will be issued. This report gives a comprehensive review of state government functions for the purpose of restructuring, consolidating, or eliminating these functions in order to provide better and more cost effective services to Missouri citizens.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



*The **Basic Financial Statements** include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements, and the accompanying notes to the statements.*

**STATE OF MISSOURI**  
**STATEMENT OF NET ASSETS**  
**June 30, 2005**  
**(In Thousands of Dollars)**

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
<b>Assets</b>				
Cash and Cash Equivalents (Note 3)	\$ 770,615	\$ 104,699	\$ 875,314	\$ 265,798
Investments (Note 3)	1,915,607	57,705	1,973,312	719,132
Receivables, Net (Note 14)	2,538,751	202,412	2,741,163	441,155
Internal Balances	20,217	(20,217)	---	---
Inventories	75,577	1,587	77,164	43,642
Deposits and Prepaid Expenses	51	748	799	17,292
Invested Securities Lending Collateral (Note 3)	---	---	---	81,611
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	34,204	---	34,204	276,735
Investments (Note 3)	67,691	79,296	146,987	882,365
Receivables, Net	---	---	---	2,437
Deferred Costs and Other Assets	42,745	---	42,745	20,281
Assets Held for Resale	---	115	115	---
Capital Assets (Note 5):				
Non-depreciable	5,887,775	11,584	5,899,359	401,819
Depreciable, Net	21,508,834	27,469	21,536,303	2,561,297
Total Assets	<u>32,862,067</u>	<u>465,398</u>	<u>33,327,465</u>	<u>5,713,564</u>
<b>Liabilities</b>				
Payables (Note 14)	1,301,466	302,186	1,603,652	486,195
Securities Lending Collateral (Note 3)	---	---	---	81,611
Unearned Revenue (Note 1)	76,534	596	77,130	58,088
Long-Term Liabilities (Note 11):				
Due within one year	421,764	63,763	485,527	56,800
Due in more than one year	3,652,255	169,883	3,822,138	970,098
Total Liabilities	<u>5,452,019</u>	<u>536,428</u>	<u>5,988,447</u>	<u>1,652,792</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	25,486,977	39,053	25,526,030	2,054,870
Restricted for:				
Budget Reserve	464,405	---	464,405	---
Debt Service	187,272	---	187,272	---
Loans Receivable	604,335	---	604,335	---
Permanent Trusts:				
Expendable	87	---	87	---
Non-Expendable	47,740	---	47,740	---
Colleges and Universities:				
Expendable	---	---	---	379,793
Non-Expendable	---	---	---	586,897
Other Purposes	1,904,846	12,407	1,917,253	109,694
Unrestricted	(1,285,614)	(122,490)	(1,408,104)	929,518
Total Net Assets	<u>\$ 27,410,048</u>	<u>\$ (71,030)</u>	<u>\$ 27,339,018</u>	<u>\$ 4,060,772</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 754,664	\$ 703,448	\$ 24,770	\$ ---	\$ (26,446)	\$ ---	\$ (26,446)	\$ ---
Education	5,669,602	148,160	997,684	---	(4,523,758)	---	(4,523,758)	---
Natural and Economic	624,461	42,676	328,830	---	(252,955)	---	(252,955)	---
Transportation and Law Enforcement	2,009,647	133,962	1,051,748	---	(823,937)	---	(823,937)	---
Human Services	9,731,318	421,389	5,364,812	---	(3,945,117)	---	(3,945,117)	---
Intergovernmental	703,922	---	---	---	(703,922)	---	(703,922)	---
Interest on Debt (Excluding Direct Expense)	124,233	559	---	---	(123,674)	---	(123,674)	---
Total Governmental Activities	19,617,847	1,450,194	7,767,844	---	(10,399,809)	---	(10,399,809)	---
Business-Type Activities:								
State Lottery Fund	575,678	793,750	---	---	---	218,072	218,072	---
Unemployment Compensation Fund	501,098	---	518,338	---	---	17,240	17,240	---
Petroleum Storage Tank Insurance	25,916	25,570	---	---	---	(346)	(346)	---
Veterans' Homes	58,745	21,616	24,771	---	---	(12,358)	(12,358)	---
Non-Major Funds	16,914	14,532	1,588	---	---	(794)	(794)	---
Total Business-Type Activities	1,178,351	855,468	544,697	---	---	221,814	221,814	---
Total Primary Government	\$ 20,796,198	\$ 2,305,662	\$ 8,312,541	\$ ---	(10,399,809)	221,814	(10,177,995)	---
Component Units:								
Colleges and Universities	\$ 2,772,556	\$ 1,618,551	\$ 1,291,674	\$ 38,308	---	---	---	175,977
Non-Major Component Units	21,680	8,537	22,207	---	---	---	---	9,064
Total Component Units	\$ 2,794,236	\$ 1,627,088	\$ 1,313,881	\$ 38,308	---	---	---	185,041
General Revenues:								
Taxes:								
Sales and Use					3,003,405	---	3,003,405	---
Individual Income					4,821,500	---	4,821,500	---
Corporate Income					351,116	---	351,116	---
County Foreign Insurance					163,952	---	163,952	---
Alcoholic Beverage					28,045	---	28,045	---
Corporate Franchise					118,343	---	118,343	---
Inheritance					41,832	---	41,832	---
Miscellaneous Taxes					1,334,595	---	1,334,595	---
Grants and Contributions not Restricted to Specific Programs					158,140	---	158,140	---
Unrestricted Investment Earnings					79,540	4,129	83,669	105,299
Gain (Loss) on Sale of Capital Assets					---	(178)	(178)	(10,433)
Transfers					207,159	(207,159)	---	---
Total General Revenues and Transfers					10,307,627	(203,208)	10,104,419	94,866
Change in Net Assets					(92,182)	18,606	(73,576)	279,907
Net Assets - Beginning					27,502,230	(89,636)	27,412,594	3,780,865
Net Assets - Ending					\$ 27,410,048	\$ (71,030)	\$ 27,339,018	\$ 4,060,772

The notes to the financial statements are an integral part of this statement.



*The **Governmental Funds** focus on current financial resources.*

## ***Governmental Fund Financial Statements***

### **Major Funds**

**General Fund** – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

See the General Fund Combining Statements presented as part of Supplementary Information for listings of all funds included in the General Fund.

#### **Major Special Revenue Fund Categories:**

**Public Education** – Provides general and special education needs of the State and other related areas such as library services and student loans.

**Conservation and Environmental Protection** – Provides for the preservation of the State's wildlife and environment.

**Transportation and Law Enforcement** – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas. See the following pages for a listing of the individual funds that make up our Major Special Revenue Fund categories.

#### **Major Capital Projects Fund:**

**State Road** – Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

### **Non-Major Funds**

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds as part of Supplementary Information.

**Special Revenue – Public Education:** Provides general and special education needs of the State and other related areas such as library services and student loans.

*Marguerite Ross Barnett Scholarship* – Accounts for moneys refunded from scholarships to be reissued.

*School District Bond* – Accounts for moneys to be used by the Missouri Health and Educational Facilities Authority for the issuance of school district bonds.

*School Building Revolving* – Accounts for moneys transferred from the Gaming Proceeds for Education Fund to be used for loans to school districts for specific capital improvement projects.

*Gaming Proceeds for Education* – Accounts for proceeds of taxes paid and interest earned from taxes paid on the gross receipts of excursion boat gambling to be used for education.

*Outstanding Schools Trust* – Accounts for moneys to be used to revise the mechanism which distributes basic state aid to schools and for various education programs.

*Bingo Proceeds for Education* – Accounts for fees and taxes collected relating to bingo to be used for education.

*Lottery Proceeds* – Accounts for the net proceeds from the State Lottery to be used for public institutions of elementary, secondary, and higher education.

*Missouri Community College Job Training Program* – Accounts for moneys to be used for the New Jobs Training Program administered by the Department of Economic Development.

*Professional and Practical Nursing Student Loan and Nurse Loan Repayment* – Moneys will be used to make student loans to nursing students and for the repayment of principal and interest for students who work in specified areas of nursing.

*Video Instructional Development and Educational Opportunity* – Accounts for sales tax revenues on rental of sound or picture transcriptions and used for instructional television programming.

*Missouri Job Development* – Accounts for moneys from any source and used for vocational training or retraining.

*State School Money* – Accounts for funds distributed to public school districts.

*Department of Social Services Educational Improvement* – Accounts for moneys from the Department of Elementary and Secondary Education, and is used for school foundation money for children placed in Division of Youth Services' custody.

*State Seminary Money* – Accounts for interest earnings to be spent for maintenance of the State university.

*State Guaranty Student Loan* – Accounts for funds from any source to assist students in financing their education.

*Excellence in Education* – Accounts for moneys to be spent for education programs.

*Missouri Prospective Teachers Loan* – Accounts for funds from any source to assist students in financing their education to become teachers.

*Fair Share* – Accounts for additional tax on cigarettes for distribution to schools.

*School District Trust* – Accounts for sales tax moneys to be distributed to the public school districts of the State.

*GEAR UP Scholarship* – Accounts for moneys to be used for awarding scholarships who meet the requirements of the GEAR UP for Education Program.

*Schools for the Future* – Accounts for moneys received as a result of the amnesty program to be transferred to the State Schools Money Fund, and subsequently paid out to school districts as part of the monthly school foundation formula.

*Veterans' Historical Education Trust* – Accounts for moneys received for financing veterans' outreach and education programs.

*Library Networking* – Accounts for bequests received to be used for library networking expenses.

*Student Grant* – Accounts for moneys used to provide financial aid to eligible students.

*Academic Scholarship* – Accounts for moneys to be used to provide scholarships based on academic ability.

*U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Recall Account* – Accounts for Federal recalled reserve funds. The Coordinating Board for Higher Education will transfer an amount equal to 20% of the total recalled reserve to this fund. These funds cannot be withdrawn without the U.S. Department of Education's written approval.

*U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Interest Account* – Accounts for moneys earned on and transferred from the U.S. Department of Education P.L. 105-33 Recall Account Fund. The moneys are used for the sole purpose of performing default reduction activities applicable to the Title IV student loan programs.

*Advantage Missouri Trust* – Accounts for moneys to provide loans and loan forgiveness programs.

*Missouri College Guarantee* – Accounts for moneys transferred from the Gaming Commission Fund to be used by the Coordinating Board of Higher Education for awarding scholarships to eligible students.

*Early Childhood Development Education and Care* – Accounts for moneys transferred from the Gaming Commission Fund to be used for programs that prepare children for kindergarten.

*Kids Chance Scholarship* – Accounts for moneys transferred from the Workers' Compensation Fund to be used for children of job injured workers.

*Guaranty Agency Operating* – Accounts for moneys transferred from the State Guaranty Student Loan Fund to be used for administrative purposes.

*Federal Student Loan Reserve* – Accounts for moneys to pay lender claims.

*Secretary of State – Wolfner State Library* – Accounts for moneys to be used to ensure library services to the eligible blind and physically handicapped residents of the State.

**Special Revenue – Conservation and Environmental Protection:** Provides for the preservation of the State's wildlife and environment.

*Missouri Air Emission Reduction* – Accounts for fees collected under the Emissions Inspections Program.

*Natural Resources Protection* – Accounts for moneys collected for examinations, applications, certifications, and inspections used for the purpose of protecting the air, water, and land resources of the State.

*Natural Resources Protection – Water Pollution Permit Fee Subaccount* – Accounts for moneys to be used for the protection of State water.

*Solid Waste Management – Scrap Tire Subaccount* – Accounts for moneys to be used for the protection of the State's public health and safety in regards to the disposition of scrap tires.

*Solid Waste Management* – Accounts for moneys used to promote the development of markets for recovered materials and other activities to protect the environment.

*Metallic Minerals Waste Management* – Accounts for moneys collected from any forfeiture of a financial assurance instrument, civil penalties collected and administrative penalties collected for the safe disposal of waste from metallic minerals.

*Natural Resources Protection – Air Pollution Asbestos Fee Subaccount* – Accounts for moneys to be used to administer requirements relating to asbestos abatement projects that protect public health and the environment.

*Underground Storage Tank Regulation Program* – Accounts for fees collected for registration of underground storage tanks and used for costs related to their regulation.

*Chemical Emergency Preparedness* – Accounts for moneys provided to the Missouri Response Commission and Department of Natural Resources for expenses of the commission.

*Natural Resources Protection – Air Pollution Permit Fee Subaccount* – Accounts for moneys to be used to protect the air, water, and land resources of the State.

*Water and Wastewater Loan Revolving* – Accounts for loans and loan repayments under the Wastewater Loan Program.

*Conservation Commission* – Accounts for fees and a special sales tax used to administer laws and regulations pertaining to forestry and wildlife resources.

*Parks Sales Tax* – Accounts for sales tax moneys spent to control, manage, and regulate state parks.

*Soil and Water Sales Tax* – Accounts for sales tax moneys used for the conservation and management of the soil and water resources of the State.

*Water and Wastewater Loan* – Accounts for moneys from any source received for wastewater construction loans.

*Groundwater Protection* – Accounts for fees collected for permits and is used for the administration and enforcement of water well drillers' laws.

*Energy Set-Aside Program* – Accounts for moneys appropriated and any gifts, grants, and bequests. These moneys are loaned to public school districts to implement energy conservation projects.

*State Land Survey Program* – Accounts for fees collected from state recorders and used for land survey programs.

*Petroleum Violation Escrow* – Accounts for fines collected from petroleum companies for petroleum violations and is used for energy programs.

*Hazardous Waste* – Accounts for moneys from fees and permits and from any other source for hazardous waste management and cleanup.

*Safe Drinking Water* – Accounts for fees and grants from any source for the administration of safe drinking water laws.

*Coal Mine Land Reclamation* – Accounts for fees assessed on the amount of coal processed and is used to restore the land.

*Hazardous Waste Remedial* – Accounts for moneys from fees, penalties, and from any other source for administering hazardous waste services.

*Missouri Air Pollution Control* – Accounts for fees collected from automobile emissions inspection stations and is used for air pollution control programs.

*Meramec-Onondaga State Parks* – Accounts for proceeds from the sale of this land by the federal government and is used for the support and maintenance of these parks by the State.

*Oil and Gas Remedial* – Accounts for the proceeds from the sale of illegal oil products and used for costs of administering these laws.

*Biodiesel Fuel Revolving* – Accounts for moneys to be used to pay for incremental cost of biodiesel fuel for use in state vehicles, and for administration costs of the program.

*Stormwater Loan Revolving* – Accounts for the receipt of repayment for stormwater control project loans to be used for the construction of stormwater control projects.

*Rural Water and Sewer Loan Revolving* – Accounts for the receipt of repayment for rural water and sewer control project loans to be used for the construction of rural water and sewer loan projects.

*Concentrated Animal Feeding Operation Indemnity* – Accounts for moneys to be used to close concentrated animal feeding operation waste water lagoons.

*Missouri Alternative Fuel Vehicle Loan* – Accounts for moneys to be used to issue loans to political subdivisions in order to purchase new vehicles capable of using alternative fuels.

*Petroleum Violation Escrow Interest Subaccount* – Accounts for interest earnings to be used for administrative costs of energy programs.

*Missouri Lead Abatement Loan* – Accounts for moneys to be used in carrying out lead abatement projects.

*Dry-Cleaning Environmental Response Trust* – Accounts for moneys received from surcharges, fees, gifts, bequests, donations, and moneys recovered by the State to be used to protect human health and natural resources.

*Mined Land Reclamation* – Accounts for fees, forfeiture of bonds, penalties, and gifts and used for the administration and enforcement of these laws.

*Babler State Park* – Accounts for assets donated, bequeathed, or devised to the State for the benefit of the Doctor Edmund A. Babler Memorial State Park used solely for the maintenance and development of this park.

**Special Revenue – Transportation and Law Enforcement:** Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

*Peace Officer Standards and Training Commission* – Accounts for fees assessed as court costs to be used for training peace officers or other law enforcement employees.

*Transportation Department Grade Crossing Safety Account* – Accounts for moneys to be used to improve safety at the crossings of public roads with railroad tracks.

*Highway Patrol Inspection* – Accounts for fees collected for certificates of inspection and approval used by the State Highway Patrol for administration and enforcement of the various motor vehicle inspection programs.

*Firing Range Fee* – Accounts for fees collected from law enforcement agencies for use of the firing range operated by the Department of Public Safety to be used for its operations.

*Highway and Transportation Department* – Accounts for fees paid by highway users to operate the Highway Commission and the Department of Transportation. Also used to administer and enforce state motor vehicle laws or traffic regulations.

*Railroad Expense* – Accounts for assessments used to administer and enforce railroad regulations.

*Motor Fuel Tax* – Accounts for motor fuel taxes to be distributed to other governments and to the Department of Transportation Funds.

*Highway Patrol Academy* – Accounts for fees charged for the training of peace officers and is used solely for the maintenance and operation of the Highway Patrol Academy.

*State Transportation* – Accounts for moneys from sales taxes and other sources to be used for state transportation purposes other than construction or maintenance of roads.

*Highway Patrol's Motor Vehicle and Aircraft Revolving* – Accounts for proceeds from government agencies to be used solely for the purchase of Highway Patrol vehicles or aircraft.

*Highway Patrol Traffic Records* – Accounts for copy fees received by the Highway Patrol for reports, photographs, and other data relating to investigated motor vehicle accidents.

*Antiterrorism* – Accounts for individual contributions received to be used for antiterrorism and emergency response activities undertaken by State and local law enforcement, fire protection, and public health agencies.

*Missouri Public Safety Officer Medal of Valor* – Accounts for moneys for members of the Medal of Valor Review Board.

*DNA Profiling Analysis* – Accounts for money collected from criminal cases in circuit courts for DNA profiling analysis of convicted offender samples.

*Department of Revenue Specialty Plate* – Accounts for moneys received by the Department of Revenue for the reviewing and development of specialty plates.

*Transportation Revenue Collection* – Accounts for moneys and transfers for expenses and equipment related to motor vehicles and drivers' licenses.

*Highway Patrol Expense Fund* – Accounts for moneys advanced to employees for expenses, and moneys received for rewards, prizes, and gifts paid to Patrol member.

*State Transportation Assistance Revolving* – Accounts for moneys to be used for loans for the development of transportation of elderly or handicapped persons or the purchase of rolling stock for transit purposes.

*Aviation Trust* – Accounts for fuel taxes not refunded to the users of fuel used in aircraft engines. These moneys are used as matching funds for the preventive maintenance of runways, taxiways, aprons, and safety-related items.

**STATE OF MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005  
(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2005
<b>ASSETS</b>							
Cash and Cash Equivalents (Note 3)	\$ 291,561	\$ 61,294	\$ 86,374	\$ 18,253	\$ 34,807	\$ 113,575	\$ 605,864
Investments (Note 3)	736,092	151,075	297,491	48,229	206,376	407,815	1,847,078
Accounts Receivable, Net	1,603,367	54,378	22,025	131,836	54,113	10,358	1,876,077
Interest Receivable	7,869	942	2,511	449	2,760	2,423	16,954
Due from Other Funds (Note 15)	65	19,042	9	47	4,064	228	23,455
Due from Component Units (Note 15)	---	---	654	---	1,168	---	1,822
Inventories	23,626	46	624	4,407	35,030	543	64,276
Advance to Component Units (Note 15)	---	---	3,570	---	7,942	---	11,512
Loans Receivable	---	---	601,177	2,543	---	615	604,335
Restricted Assets:							
Cash and Cash Equivalents (Note 3)	---	---	---	---	8,484	---	8,484
Investments (Note 3)	---	---	---	---	67,493	---	67,493
<b>Total Assets</b>	<b>\$ 2,662,580</b>	<b>\$ 286,777</b>	<b>\$ 1,014,435</b>	<b>\$ 205,764</b>	<b>\$ 422,237</b>	<b>\$ 535,557</b>	<b>\$ 5,127,350</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 878,903	\$ 37,786	\$ 3,493	\$ 4,946	\$ 101,782	\$ 7,434	\$ 1,034,344
Accrued Payroll	56,044	489	4,916	4,903	15,656	3,084	85,092
Due to Other Funds (Note 15)	31,115	283	1,366	521	287	1,501	35,073
Due to Component Units (Note 15)	---	---	---	---	8,655	---	8,655
Deferred Revenue (Note 1)	730,443	18,288	13,533	745	26,383	4,521	793,913
Advance from Other Funds (Note 15)	61,607	---	---	---	---	---	61,607
Advance from Component Units (Note 15)	---	---	---	---	38,265	---	38,265
<b>Total Liabilities</b>	<b>1,758,112</b>	<b>56,846</b>	<b>23,308</b>	<b>11,115</b>	<b>191,028</b>	<b>16,540</b>	<b>2,056,949</b>
Fund Balances:							
Reserved for:							
Budget Reserve	464,405	---	---	---	---	---	464,405
Inventories	23,626	46	624	4,407	35,030	543	64,276
Future Distribution	83,449	---	---	---	---	---	83,449
Forfeited Assets	917	---	2,556	---	---	---	3,473
Taxes	5,164	---	---	---	---	---	5,164
Debt Service	---	---	---	---	75,977	105,601	181,578
Loans Receivable	---	---	601,177	2,543	---	615	604,335
Trust Principal	---	---	---	---	---	47,740	47,740
Unreserved, Reported In:							
General Fund	326,907	---	---	---	---	---	326,907
Special Revenue Funds	---	229,885	386,770	187,699	---	260,808	1,065,162
Capital Projects Funds	---	---	---	---	120,202	103,623	223,825
Permanent Funds	---	---	---	---	---	87	87
<b>Total Fund Balances</b>	<b>904,468</b>	<b>229,931</b>	<b>991,127</b>	<b>194,649</b>	<b>231,209</b>	<b>519,017</b>	<b>3,070,401</b>
<b>Total Liabilities     and Fund Balances</b>	<b>\$ 2,662,580</b>	<b>\$ 286,777</b>	<b>\$ 1,014,435</b>	<b>\$ 205,764</b>	<b>\$ 422,237</b>	<b>\$ 535,557</b>	<b>\$ 5,127,350</b>

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
June 30, 2005  
(In Thousands of Dollars)**

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Total Fund Balances – Governmental Funds	\$	3,070,401
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental funds are not financial resources and they are not reported in the funds. These assets consist of (Note 5):

Construction in Progress	269,644	
Infrastructure in Progress	3,046,299	
Land	2,392,561	
Land Improvements	134,130	
Buildings and Improvements	1,807,662	
Equipment	1,039,919	
Infrastructure	38,064,362	
Accumulated Depreciation	<u>(19,657,811)</u>	
		27,096,766

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1).		741,426
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Long-term assets held for the State with a paying agent to make interest payments on bonds.		19,113
---	--	--------

Bonds issued by the State have associated cost that are paid from current available financial resources in the funds. However, these costs are deferred on the Statement of Net Assets.		42,745
---	--	--------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Notes 11 and 12):

Due to Other Entities	(31,311)	
General Obligation and Other Bonds Payable	(2,367,910)	
Obligation under Lease Purchases	(229,661)	
Compensated Absences	(158,018)	
Net Pension Obligation	(101,266)	
Contingent Liabilities	(972,010)	
Claims Liability	(14,617)	
Accrued Interest on Bonds	(32,396)	
Unamortized Bond Premium	<u>(98,977)</u>	
		(4,006,166)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Assets.		<u>445,763</u>
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Net Assets of Governmental Activities	\$	<u><u>27,410,048</u></u>
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The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2005
<b>Revenues:</b>							
Taxes	\$ 7,340,546	\$ 1,071,276	\$ 173,637	\$ 775,703	\$ 129,248	\$ 156,042	\$ 9,646,452
Licenses, Fees and Permits	71,813	2,320	72,499	178,076	110,168	153,637	588,513
Sales	2,597	---	7,597	5,201	---	1,454	16,849
Leases and Rentals	2,021	2	106	14	---	---	2,143
Services	181,894	---	---	---	---	218	182,112
Contributions and Intergovernmental	7,011,147	52,086	53,570	2,101	768,559	13,659	7,901,122
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	910	2	(45)	(192)	63	2,414	3,152
Interest	31,024	3,493	9,022	1,997	1,139	22,451	69,126
Penalties and Unclaimed Properties	1,705	1,702	1,852	548	---	20,044	25,851
Cost Reimbursement/ Miscellaneous	182,066	26,041	2,554	832	57,766	171,381	440,640
Total Revenues	14,825,723	1,156,922	320,792	964,280	1,066,943	541,300	18,875,960
<b>Expenditures:</b>							
Current:							
General Government	410,648	1,057	4,394	52,683	---	77,914	546,696
Education	1,938,765	3,722,038	62	9	---	2,427	5,663,301
Natural and Economic Resources	256,592	15,817	83,587	3	---	195,252	551,251
Transportation and Law Enforcement	150,235	4	278	498,445	273,881	33,124	955,967
Human Services	9,547,980	18,369	712	50	---	158,654	9,725,765
Capital Outlay:							
Current Expenditures	78,822	6,139	24,567	17,133	857,112	31,392	1,015,165
Capital Lease Purchases	8,088	---	226	109	44,473	129	53,025
Debt Service:							
Principal	28,044	---	869	236	32,500	56,050	117,699
Interest	33,706	---	268	80	45,096	39,865	119,015
Underwriter's Discount	---	---	---	---	---	326	326
Intergovernmental	229,677	13	157,067	195,145	99,427	17,282	698,611
Total Expenditures	12,682,557	3,763,437	272,030	763,893	1,352,489	612,415	19,446,821
Excess Revenues (Expenditures)	2,143,166	(2,606,515)	48,762	200,387	(285,546)	(71,115)	(570,861)
<b>Other Financing Sources (Uses):</b>							
Proceeds from Capital Leases	8,088	---	226	109	44,473	129	53,025
Issuance of Refunding Bonds	---	---	---	---	---	157,605	157,605
Payments to Refunded Bonds	---	---	---	---	---	(175,553)	(175,553)
Escrow Agent	---	---	---	---	---	18,274	18,274
Bond Premium	---	---	---	---	---	---	---
Proceeds from Capital Asset Sale	---	---	---	---	5,920	---	5,920
Transfers In (Note 16)	103,548	2,641,270	4,634	6,441	136,487	170,225	3,062,605
Transfers Out (Note 16)	(2,528,275)	(2,502)	(1,578)	(142,493)	---	(167,712)	(2,842,560)
Total Other Financing Sources (Uses)	(2,416,639)	2,638,768	3,282	(135,943)	186,880	2,968	279,316
Net Change in Fund Balances	(273,473)	32,253	52,044	64,444	(98,666)	(68,147)	(291,545)
Fund Balances – Beginning (Note 17)	1,175,105	197,681	939,267	132,383	329,875	587,274	3,361,585
Increase (Decrease) in Reserve for Inventory	2,836	(3)	(184)	(2,178)	---	(110)	361
Fund Balances – Ending	\$ 904,468	\$ 229,931	\$ 991,127	\$ 194,649	\$ 231,209	\$ 519,017	\$ 3,070,401

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES IN**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

Net Change in Fund Balances – Total Governmental Funds	\$	(291,545)
--	----	-----------

Amounts reported for governmental activities in the Statement of Activities are different because:

Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Increase in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement.		361
---	--	-----

Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays of \$763,473 is exceeded by depreciation of \$801,753 in the current period.		(38,280)
--	--	----------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		243,787
--	--	---------

Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the Combined Statement of Net Assets (Note 12).

Bonds Issued	(157,605)	
Bond Premiums, Issuance, and Refunding Costs	(7,568)	
Bond Principal Payments	273,320	
Capital Leases Issued	(53,025)	
Capital Lease Payments	18,644	
	73,766	73,766

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Notes 11 and 12).

Amortization of Bond Premiums, Issuance, and Refunding Costs	8,085	
Decrease in Restricted Cash	(18,775)	
Decrease in Accrued Interest	4,313	
Decrease in Due to Other Entities	917	
Increase in Compensated Absences	(7,959)	
Increase in Contingent Liabilities	(81,379)	
Increase in Claims Liability	(3,541)	
Increase in Net Pension Obligation	(2,248)	
	(100,587)	(100,587)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of internal service funds are reported with governmental activities.		20,316
--	--	--------

Change in Net Assets of Governmental Activities	\$	(92,182)
---	----	----------

The notes to the financial statements are an integral part of this statement.



*The **Proprietary Funds** focus on economic resources and are operated in a manner similar to private business enterprises.*

### ***Proprietary Fund Financial Statements***

#### **Major Funds**

**State Lottery** – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

**Unemployment Compensation** – Accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

**Petroleum Storage Tank Insurance** – Accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

#### **Non-Major Funds**

Non-major enterprise funds and all internal service funds are presented in our combining non-major fund financial statements as part of Supplementary Information.

**STATE OF MISSOURI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2005  
(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2005	
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents (Note 3)	\$ 11,265	\$ 75,971	\$ 15,420	\$ 2,043	\$ 104,699	\$ 164,751
Investments (Note 3)	11,065	---	41,656	4,984	57,705	68,529
Accounts Receivable, Net	40,422	156,550	4,029	494	201,495	15,052
Interest Receivable	80	---	320	17	417	285
Due from Other Funds (Note 15)	---	---	---	38	38	18,435
Inventories	---	---	---	1,588	1,588	11,301
Prepaid Items	725	---	---	23	748	51
Loans Receivable	---	---	---	500	500	---
Non-Current Assets:						
Restricted:						
Cash and Cash Equivalents (Note 3)	---	---	---	---	---	6,608
Investments (Note 3)	79,296	---	---	---	79,296	198
Assets Held for Resale	---	---	---	115	115	---
Capital Assets (Note 5):						
Construction in Progress	---	---	---	5,836	5,836	170,836
Land	353	---	---	5,395	5,748	8,435
Land Improvements	---	---	---	4,818	4,818	2,958
Buildings	4,355	---	---	21,714	26,069	239,152
Equipment	15,792	---	210	30,567	46,569	77,007
Less Accumulated Depreciation (Note 5)	(17,205)	---	(180)	(32,602)	(49,987)	(198,545)
Total Capital Assets (Net of Accumulated Depreciation)	3,295	---	30	35,728	39,053	299,843
Total Assets	146,148	232,521	61,455	45,530	485,654	585,053
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	2,192	297,276	---	200	299,668	14,147
Accrued Payroll	260	---	45	1,515	1,820	1,375
Due to Other Funds (Note 15)	19,161	---	21	645	19,827	599
Unearned Revenue (Note 1)	---	---	555	41	596	24,047
Claims Liability (Note 11)	---	---	20,000	---	20,000	61,080
Grand Prize Winner Liability (Note 11)	41,423	---	---	---	41,423	---
Obligations under Lease Purchase (Note 11)	---	---	---	---	---	1,041
Compensated Absences (Note 11)	549	---	70	1,721	2,340	2,886
Non-Current Liabilities:						
Claims Liability (Note 11)	---	---	101,054	---	101,054	33,221
Grand Prize Winner Liability (Note 11)	68,822	---	---	---	68,822	---
Obligations under Lease Purchase (Note 11)	---	---	---	---	---	1,434
Compensated Absences (Note 11)	---	---	---	7	7	586
Total Liabilities	132,407	297,276	121,745	4,129	555,557	140,416
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	3,295	---	30	35,728	39,053	297,368
Restricted for:						
Revenue Bonds	---	---	---	---	---	5,694
Other Purposes	10,323	---	---	---	10,323	1,112
Unrestricted	123	(64,755)	(60,320)	5,673	(119,279)	140,463
Total Net Assets	\$ 13,741	\$ (64,755)	\$ (60,290)	\$ 41,401	\$ (69,903)	\$ 444,637
Total Net Assets Reported Above					\$ (69,903)	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds					(1,127)	
Net Assets of Business-Type Activities					<u>\$ (71,030)</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2005	
<b>Operating Revenues:</b>						
Employer Contributions	\$ ---	\$ 499,250	\$ ---	\$ ---	\$ 499,250	\$ 428,145
Employee Contributions	---	---	---	---	---	137,167
Licenses, Fees and Permits	---	---	25,569	7,535	33,104	2,079
Sales	785,598	---	---	5,454	791,052	27,466
Leases and Rentals	---	---	---	2,833	2,833	20,511
Charges for Services	---	---	---	21,482	21,482	102,922
Cost Reimbursement/Miscellaneous	341	---	3	78	422	2,605
Total Operating Revenues	<u>785,939</u>	<u>499,250</u>	<u>25,572</u>	<u>37,382</u>	<u>1,348,143</u>	<u>720,895</u>
<b>Operating Expenses:</b>						
Cost of Goods Sold	17,543	---	---	1,078	18,621	14,741
Personal Service	9,086	---	1,498	47,264	57,848	52,122
Operations	50,909	---	3,563	18,366	72,838	113,679
Prizes Expense	487,926	---	---	---	487,926	---
Inventories	---	---	---	4,997	4,997	1,737
Specific Programs	---	---	20,774	447	21,221	2,104
Insurance Benefits	---	---	---	---	---	502,003
Unemployment Benefits	---	501,098	---	---	501,098	---
Depreciation	1,086	---	22	2,933	4,041	14,430
Other Charges	9,148	---	78	637	9,863	3,207
Total Operating Expenses	<u>575,698</u>	<u>501,098</u>	<u>25,935</u>	<u>75,722</u>	<u>1,178,453</u>	<u>704,023</u>
Operating Income (Loss)	<u>210,241</u>	<u>(1,848)</u>	<u>(363)</u>	<u>(38,340)</u>	<u>169,690</u>	<u>16,872</u>
<b>Non-Operating Revenues (Expenses):</b>						
Contributions and Intergovernmental	---	19,088	---	26,359	45,447	212
Interest Expense	---	---	---	---	---	(551)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	1,041	---	(4)	9	1,046	121
Interest	611	1,030	1,321	121	3,083	4,700
Penalties and Unclaimed Properties	---	---	---	1	1	1
Disposal of Capital Assets	20	---	---	(198)	(178)	(115)
Miscellaneous Revenues	7,811	---	---	87	7,898	---
Total Non-Operating Revenues (Expenses)	<u>9,483</u>	<u>20,118</u>	<u>1,317</u>	<u>26,379</u>	<u>57,297</u>	<u>4,368</u>
Income (Loss) Before Transfers	219,724	18,270	954	(11,961)	226,987	21,240
Transfers In (Note 16)	---	---	---	12,000	12,000	---
Transfers Out (Note 16)	(219,094)	---	(8)	(57)	(219,159)	(5)
Change in Net Assets	630	18,270	946	(18)	19,828	21,235
Total Net Assets – Beginning (Note 17)	13,111	(83,025)	(61,236)	41,419	(89,731)	423,402
Total Net Assets – Ending	<u>\$ 13,741</u>	<u>\$ (64,755)</u>	<u>\$ (60,290)</u>	<u>\$ 41,401</u>	<u>\$ (69,903)</u>	<u>\$ 444,637</u>
Total Net Change in Net Assets Reported Above					\$ 19,828	
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds					(1,222)	
Change in Net Assets of Business-Type Activities					<u>\$ 18,606</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2005	
<b>Cash Flows from Operating Activities:</b>						
Receipts from Customers and Users	\$ 784,350	\$ 453,139	\$ 25,041	\$ 37,231	\$ 1,299,761	\$ 722,106
Payments to Suppliers	(554,107)	---	(3,579)	(26,864)	(584,550)	(142,906)
Payments to Employees	(9,097)	---	(1,535)	(45,927)	(56,559)	(52,142)
Payments Made for Program Expense	---	(502,353)	(13,386)	(447)	(516,186)	(474,641)
Other Receipts (Payments)	(8,807)	---	(75)	(559)	(9,441)	(602)
Net Cash Provided (Used) by Operating Activities	212,339	(49,214)	6,466	(36,566)	133,025	51,815
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Due to/from Other Funds	785	---	(1)	188	972	356
Contributions and Intergovernmental	---	19,088	---	26,359	45,447	212
Transfers to/from Other Funds	(219,094)	---	(8)	11,943	(207,159)	(5)
Other Receipts (Expenses)	7,811	---	---	12	7,823	---
Net Cash Provided (Used) by Non-Capital Financing Activities	(210,498)	19,088	(9)	38,502	(152,917)	563
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Interest Expense	---	---	---	---	---	(551)
Purchases and Construction of Capital Assets	(230)	---	---	(4,814)	(5,044)	(21,903)
Capital Lease Downpayment/Obligations	---	---	---	---	---	(1,175)
Disposal of Capital Assets	20	---	19	(1)	38	5,182
Net Cash Provided (Used) by Capital and Related Financing Activities	(210)	---	19	(4,815)	(5,006)	(18,447)
<b>Cash Flows from Investing Activities:</b>						
Proceeds from Investment Maturities	---	---	---	2,507	2,507	527,582
Purchase of Investments	(3,981)	---	(7,040)	(680)	(11,701)	(512,608)
Interest and Dividends Received	572	1,030	1,137	112	2,851	4,627
Other Receipts	---	---	---	87	87	1
Net Cash Provided (Used) by Investing Activities	(3,409)	1,030	(5,903)	2,026	(6,256)	19,602
Net Increase (Decrease) in Cash	(1,778)	(29,096)	573	(853)	(31,154)	53,533
Cash and Cash Equivalents, Beginning of Year	13,043	105,067	14,847	2,896	135,853	117,826
Cash and Cash Equivalents, End of Year	\$ 11,265	\$ 75,971	\$ 15,420	\$ 2,043	\$ 104,699	\$ 171,359
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 210,241	\$ (1,848)	\$ (363)	\$ (38,340)	\$ 169,690	\$ 16,872
Depreciation Expense	1,086	---	22	2,933	4,041	14,430
Changes in Assets and Liabilities:						
Accounts Receivable	(1,248)	(46,111)	(521)	(73)	(47,953)	(490)
Inventories	---	---	---	(108)	(108)	535
Prepaid Items	(635)	---	---	---	(635)	2
Accounts Payable	(115)	(1,255)	(16)	(1,149)	(2,535)	(13,287)
Accrued Payroll	(18)	---	(3)	146	125	(47)
Unearned Revenue	---	---	(7)	---	(7)	4,306
Grand Prize Winner Liability	3,020	---	---	---	3,020	---
Claims Liability	---	---	7,388	---	7,388	29,467
Compensated Absences	8	---	(34)	25	(1)	27
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 212,339</b>	<b>\$ (49,214)</b>	<b>\$ 6,466</b>	<b>\$ (36,566)</b>	<b>\$ 133,025</b>	<b>\$ 51,815</b>

**Non-Cash Financing Activities:**

During fiscal year 2005, a capital lease agreement was renegotiated in the Office of Administration Revolving Fund for Central Printing. This resulted in a \$17,000 increase to the obligation under lease purchase in this fund as of June 30, 2005.

The notes to the financial statements are an integral part of this statement.



*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds are presented as part of Supplementary Information.

**STATE OF MISSOURI**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2005**  
**(In Thousands of Dollars)**

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 3)	\$ 564,838	\$ 6,722	\$ 49,493
Investments at Fair Value: (Note 3)			
U.S. Government Securities	994,968	10,943	55
Repurchase Agreements	---	1,925	276,877
Stocks	1,548,235	---	42
Bonds	578,909	---	---
International Equities	1,041,283	---	---
Mutual and Index Funds	1,271,076	---	---
Venture Capital Limited Partnership	2,280,557	---	---
Other Investments	806,215	3,753	1,043
Receivables:			
Accounts Receivable	577,993	---	208,777
Interest Receivable	20,259	20	609
Due from Other Funds (Note 15)	8,483	---	26,293
Advance to Other Funds (Note 15)	---	61,607	---
Invested Securities Lending Collateral (Note 3)	1,258,035	---	---
Prepaid Expenses	51	---	---
Capital Assets:			
Land	351	---	---
Buildings	3,934	---	---
Equipment	2,079	24	---
Accumulated Depreciation	(2,215)	(17)	---
Total Capital Assets, Net	4,149	7	---
Total Assets	10,955,051	84,977	\$ 563,189
<b>LIABILITIES</b>			
Accounts Payable	622,990	684	\$ 26
Securities Lending Collateral (Note 3)	1,257,802	---	---
Due to Other Entities	---	---	492,335
Due to Individuals	---	---	49,636
Due to Other Funds (Note 15)	---	12	21,192
Obligations under Lease Purchase	14	---	---
Escheats/Unclaimed Property	---	71,092	---
Compensated Absences	391	---	---
Total Liabilities	1,881,197	71,788	\$ 563,189
Net Assets Held in Trust for Benefits and Other Purposes	\$ 9,073,854	\$ 13,189	

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds
<b>Additions:</b>		
Contributions:		
Employer	\$ 330,991	\$ ---
Plan Member	65,352	---
Other	26,267	---
Investment Earnings:		
Increase/Decrease in Appreciation of Assets	1,022,224	65
Securities Lending Income	30,181	---
Total Investment Earnings	<u>1,052,405</u>	<u>65</u>
Less Investment Expenses:		
Investment Activity Expense	(63,560)	---
Securities Lending Expense	(26,424)	---
Total Investment Expense	<u>(89,984)</u>	<u>---</u>
Net Investment Earnings	<u>962,421</u>	<u>65</u>
Unclaimed Property	---	30,404
Cost Reimbursement/Miscellaneous	1,276	10,271
Transfers In	<u>---</u>	<u>1,401</u>
Total Additions	<u>1,386,307</u>	<u>42,141</u>
<b>Deductions:</b>		
Benefits	556,937	---
Administrative Expenses	7,962	1,209
Program Distributions	49,546	9,824
Service Transfer Payments	199	---
Depreciation	298	2
Transfers Out (Note 16)	<u>---</u>	<u>20,301</u>
Total Deductions	<u>614,942</u>	<u>31,336</u>
Change in Net Assets	771,365	10,805
Net Assets held in Trust – Beginning of Year (Note 17)	<u>8,302,489</u>	<u>2,384</u>
Net Assets held in Trust – End of Year	<u>\$ 9,073,854</u>	<u>\$ 13,189</u>

The notes to the financial statements are an integral part of this statement.



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

## ***Component Unit Financial Statements***

### **Major**

**Colleges and Universities**

### **Non-Major**

Non-Major proprietary component unit statements are found in the combining fund financial statements as part of Supplementary Information.

**STATE OF MISSOURI  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
June 30, 2005  
(In Thousands of Dollars)**

	Colleges and Universities	Non-Major	Totals June 30, 2005
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 244,107	\$ 21,691	\$ 265,798
Investments (Note 3)	127,560	17,172	144,732
Receivables, Net	246,500	13,604	260,104
Invested Securities Lending Collateral (Note 3)	81,611	---	81,611
Due from Primary Government/Component Unit (Note 15)	---	10,345	10,345
Inventory	43,642	---	43,642
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	219,863	---	219,863
Investments (Note 3)	148,125	---	148,125
Receivables, Net	57	---	57
Deposits and Prepaid Expenses	16,895	68	16,963
Deferred Costs and Other Assets	879	---	879
Noncurrent Assets:			
Investments (Note 3)	574,400	---	574,400
Receivables, Net	101,593	24,848	126,441
Advance to Primary Government/Component Unit (Note 15)	---	44,265	44,265
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	14,873	41,999	56,872
Investments (Note 3)	670,239	64,001	734,240
Receivables, Net	2,380	---	2,380
Deposits and Prepaid Expenses	329	---	329
Deferred Costs and Other Assets	19,249	153	19,402
Capital Assets, Net of Accumulated Depreciation (Note 5)	2,919,022	44,094	2,963,116
Total Assets	<u>5,431,324</u>	<u>282,240</u>	<u>5,713,564</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	268,712	3,080	271,792
Securities Lending Collateral (Note 3)	81,611	---	81,611
Due to Primary Government/Component Unit (Note 15)	---	3,513	3,513
Unearned Revenue (Note 1)	55,009	---	55,009
Deposits	63,691	---	63,691
Compensated Absences	13,724	---	13,724
Capital Lease Obligations (Note 6)	899	---	899
Bonds and Notes Payable (Note 12)	34,022	8,155	42,177
Noncurrent Liabilities:			
Accounts Payable and Accrued Liabilities	97,928	---	97,928
Advance from Primary Government/Component Unit (Note 15)	---	17,512	17,512
Unearned Revenue (Note 1)	3,079	---	3,079
Deposits and Reserves	320	31,439	31,759
Compensated Absences	6,566	---	6,566
Capital Lease Obligations (Note 6)	20,961	---	20,961
Bonds and Notes Payable (Note 12)	883,311	59,260	942,571
Total Liabilities	<u>1,529,833</u>	<u>122,959</u>	<u>1,652,792</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net	2,045,376	9,494	2,054,870
Restricted for:			
Expendable	379,793	---	379,793
Non-Expendable	586,897	---	586,897
Other Purposes	---	109,694	109,694
Unrestricted	889,425	40,093	929,518
Total Net Assets	<u>\$ 3,901,491</u>	<u>\$ 159,281</u>	<u>\$ 4,060,772</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS/STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Colleges and Universities	Non-Major	Totals June 30, 2005	Adjustments	Statement of Activities
<b>Revenues:</b>					
Operating Revenues:					
Licenses, Fees and Permits	\$ ---	\$ 1,402	\$ 1,402	\$ ---	\$ 1,402
Student Tuition and Fees (Net of Scholarship Allow.)	588,038	---	588,038	---	588,038
Sales and Services of Educational Departments	36,981	---	36,981	---	36,981
Auxiliary Enterprises	912,000	---	912,000	---	912,000
Leases and Rentals	---	1,901	1,901	---	1,901
Cost Reimbursement/Miscellaneous	80,016	5,213	85,229	1,516	86,745
Transfers In	---	---	---	21	21
Total Charges for Services					1,627,088
Federal Appropriations, Grants and Contracts	260,045	---	260,045	43,158	303,203
State Grants and Contracts	54,177	---	54,177	748,932	803,109
Private Gifts, Grants and Contracts	66,032	---	66,032	84,390	150,422
Additions to Endowments	---	---	---	34,940	34,940
Contributions and Intergovernmental	---	---	---	22,207	22,207
Total Operating Grants and Contributions					1,313,881
Interest Revenue	1,295	1,807	3,102	(3,102)	---
Total Operating Revenues	1,998,584	10,323	2,008,907	932,062	
<b>Expenses:</b>					
Operating Expenses:					
Personal Service	1,692,732	870	1,693,602	---	1,693,602
Operations	---	6,087	6,087	---	6,087
Specific Programs	---	1,831	1,831	---	1,831
Scholarships and Fellowships	66,608	---	66,608	---	66,608
Utilities	26,076	---	26,076	---	26,076
Supplies and Other Services	738,066	---	738,066	---	738,066
Contracted Services	16,184	---	16,184	---	16,184
Interest Expense	---	2,028	2,028	37,252	39,280
Depreciation and Amortization	168,295	705	169,000	---	169,000
Bad Debt Expense	---	9,449	9,449	---	9,449
Miscellaneous	27,894	159	28,053	---	28,053
Total Operating Expenses	2,735,855	21,129	2,756,984	37,252	2,794,236
Operating Loss	(737,271)	(10,806)	(748,077)	894,810	
<b>Non-Operating Revenues (Expenses):</b>					
Federal Appropriations, Grants and Contracts	43,158	---	43,158	(43,158)	---
State Appropriations, Grants and Contracts	748,932	---	748,932	(748,932)	---
Private Gifts, Grants and Contracts	84,390	---	84,390	(84,390)	---
Contributions and Intergovernmental	---	22,207	22,207	(22,207)	---
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investments	(13)	96	83	---	83
Interest/Investment and Endowment Income	99,689	2,425	102,114	3,102	105,216
Interest and Bond Related Expenses	(36,701)	(551)	(37,252)	37,252	---
Interest Expense on Capital Related Items	---	---	---	---	---
Gain (Loss) on Sale of Capital Assets	(10,433)	---	(10,433)	---	(10,433)
Miscellaneous Revenues	1,516	---	1,516	(1,516)	---
Total General Revenues					94,866
Total Non-Operating Revenues (Expenses)	930,538	24,177	954,715	(859,849)	
Income Before Other Revenues (Expenses) Or Gains (Losses)	193,267	13,371	206,638	34,961	
State Capital Appropriations	38,308	---	38,308	---	38,308
Total Capital Grants and Contributions					38,308
Additions to Endowments	34,940	---	34,940	(34,940)	---
Transfers In (Note 16)	---	21	21	(21)	---
Change in Net Assets	266,515	13,392	279,907	---	279,907
Net Assets – Beginning of Year (Note 17)	3,634,976	145,889	3,780,865	---	3,780,865
Net Assets – End of Year	\$ 3,901,491	\$ 159,281	\$ 4,060,772	---	4,060,772

The notes to the financial statements are an integral part of this statement.



*The Notes to the Financial Statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.*

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies**

**A. Financial Statements and Reporting Entity**

The accompanying financial statements of the State of Missouri (primary government) and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The State has elected not to follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989 for proprietary activities.

The financial statements include the departments, agencies, boards, commissions, and other organizational units over which the State has financial accountability. GASB set forth the following criteria in Statement No. 14 – *The Financial Reporting Entity* for determining financial accountability: appointment of a voting majority of an organization's governing body and either: 1) the ability to impose the State's will on the organization or; 2) the organization's ability to provide specific benefits to, or impose specific burdens on, the primary government. Where the State does not appoint a voting majority of the governing body, the entity would still be included if it is fiscally dependent on the State. Statement No. 39 – *Determining Whether Certain Entities are Component Units* added a requirement to include all entities whose relationship with the State would make it misleading to exclude it.

In addition to the legislative, executive and judicial branches, the following organizations are included in these financial statements:

**Component Units (Blended):**

Blended component units are legally separate entities from the State, but are so intertwined with the State that they are, for all practical purposes, the same as the State. They are reported as part of the primary government and blended into the appropriate funds. The following component units are blended because they provide services entirely or almost entirely to the primary government:

**Internal Service Funds:**

**Board of Public Buildings** – This is reported with the State Facility Maintenance and Operation Fund. The Board was created by state law and its governing body is made up of the Governor, the Lieutenant Governor, and the Attorney General. Its purpose is to provide state buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Facilities Management, Design and Construction and its projects must be approved by the General Assembly. The Board can require state agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves, and pay the costs of operations. Copies of the Board of Public Buildings' financial statements can be requested from:

Office of Administration  
Division of Accounting  
P.O. Box 809  
Jefferson City, Missouri 65102

**STATE OF MISSOURI**  
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**Note 1 – Significant Accounting Policies (cont.)**

Conservation Employees' Insurance Plan – The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a five member board of trustees made up of two members determined by the Board and Commission from insurance members, the Business and Support Services Chief, the Human Resources Division Administrator, and the Internal Auditor. Copies of the Plan's financial statements can be requested from:

Missouri Department of Conservation  
P.O. Box 180  
Jefferson City, Missouri 65102

Transportation Self-Insurance Plan – The Plan provides fleet vehicle liability, workers' compensation, and general liability. The Plan is administered by the Risk Management Division of the Missouri Department of Transportation. Copies of the financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

Missouri Consolidated Health Care Plan (MCHCP) – The Plan was created by state law to provide medical benefits to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, six members appointed by the Governor, the Director of the Department of Health and Senior Services, the Director of the Department of Insurance, and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the board. Copies of the Plan's financial statements can be requested from:

Missouri Consolidated Health Care Plan  
P.O. Box 104355  
832 Weathered Rock Court  
Jefferson City, Missouri 65110-4355

Highway and Transportation Employees' and Highway Patrol Insurance Plan – The Plan provides health and life insurance coverage to eligible employees, retirees and their dependents of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP). The Plan is administered by a board of trustees consisting of four active MoDOT employees and one retired MoDOT employee appointed by the Director of MoDOT, two active MSHP employees and one retired MSHP employee appointed by the Superintendent of MSHP. Copies of the Plan's financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

**STATE OF MISSOURI**  
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**Note 1 – Significant Accounting Policies (cont.)**

Pension (and other employee benefit) trust funds:

Missouri State Employees' Retirement System (MOSERS) – The System was created by state law and provides retirement, survivor, disability, and life insurance to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer, and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the board. Copies of the System's financial statements can be requested from:

Missouri State Employees' Retirement System  
P.O. Box 209  
907 Wildwood  
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and Patrol Employees' Retirement System – The System provides retirement, death, and disability benefits to qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and both uniformed and non-uniformed members of the State Highway Patrol. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the Director of the Missouri Department of Transportation, the superintendent of the State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by Patrol employees, and one retired member elected by retirees of the system. Copies of the System's financial statements can be requested from:

Missouri Department of Transportation  
and Patrol Employees' Retirement System  
P.O. Box 1930  
Jefferson City, Missouri 65102-1930

Missouri State Public Employees' Deferred Compensation Commission – The Commission consists of one member of the House of Representatives, one member of the Senate, and three other members appointed by the Governor with the advice and consent of the Senate. The Commission offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under this Plan, employees are permitted to defer a portion of their current salary until future years. This Plan's fiscal year ends December 31, therefore, financial statements for its reporting period ending December 31, 2004, have been included in this report. In addition, the Commission offers eligible employees the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. Copies of financial statements for both Plans can be requested from:

PEBSO – A Division of Nationwide  
Retirement Solutions, Inc.  
One Nationwide Plaza, 1-13-G1  
Columbus, Ohio 43215-2220

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 – Significant Accounting Policies (cont.)**

**Component Units (Discretely Presented):**

Discretely presented component units are legally separate entities for which the State is financially accountable. The financial data for these entities is reported separately from the financial data of the primary government.

**Major**

**Colleges and Universities** – The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public colleges and universities included in the financial statements:

**Central Missouri State University**  
213 Administration Building  
Warrensburg, Missouri 64093

**Northwest Missouri State University**  
105 Administration Building  
800 University Drive  
Maryville, Missouri 64468-6001

**Harris-Stowe State College**  
3026 Laclede Avenue  
St. Louis, Missouri 63103

**Southeast Missouri State University**  
One University Plaza, Mail Stop 3000  
Cape Girardeau, Missouri 63701

**Lincoln University**  
207 Young Hall  
Jefferson City, Missouri 65101

**Southwest Missouri State University**  
901 South National, Room 119  
Springfield, Missouri 65804

**Linn State Technical College**  
1 Technology Drive  
Linn, Missouri 65051

**Truman State University**  
McClain Hall, Room 105  
Kirksville, Missouri 63501

**Missouri Southern State University**  
3950 East Newman Road  
Joplin, Missouri 64801-1595

**University of Missouri System**  
118 University Hall  
Columbia, Missouri 65211-3020

**Missouri Western State College**  
4525 Downs Drive  
St. Joseph, Missouri 64507

**Non-Major**

**Missouri Development Finance Board** – The Board was created by state law as an independent, self-supporting, body corporate and politic to promote economic development of the State and was created within the Department of Economic Development. The twelve member board is made up of the Lieutenant Governor and the Directors of the Department of Economic Development and the Department of Agriculture, who serve as ex-officio voting members, and nine members appointed by the Governor and confirmed by the Senate. The Board is empowered to issue taxable and tax-exempt industrial revenue bonds or notes; provide loans or loan guarantees to eligible businesses; provide loans and grants to political subdivisions to fund public infrastructure improvements; and issue tax credits against certain state income taxes in exchange for contributions made to the Board. Copies of the Board's financial statements can be requested from:

Missouri Development Finance Board  
Governor Office Building  
200 Madison Street, Suite 1000  
Jefferson City, Missouri 65101

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 1 – Significant Accounting Policies (cont.)**

Agricultural and Small Business Development Authority – The Authority was created by state law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Copies of the Authority's financial statements can be requested from:

Missouri Agricultural and Small  
Business Development Authority  
P.O. Box 630  
1616 Missouri Boulevard  
Jefferson City, Missouri 65102

Fulton 54 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds for the purpose of paying all or any part of the cost for the acquisition and construction of an overpass at the intersection of Route HH and U.S. Highway 54. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

Missouri Transportation Finance Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus state and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to assist public and private entities fund highway and transportation projects throughout the State. The Missouri Highways and Transportation Commission determines which applicants are extended loans from the Missouri Transportation Finance Corporation. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 1 – Significant Accounting Policies (cont.)**

Missouri Highway 179 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds to finance the extension of Highway 179 from Highway 50 to Route B in Jefferson City. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

Missouri Highway 63 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation was formed to facilitate the addition of two lanes to US Highway 63 from Macon, Missouri to Millard, Missouri. The Corporation entered into an agreement with the City of Kirksville for passage of a sales tax to fund the project. The Corporation is governed by a board of directors consisting of fifteen representatives from cities and counties along the expansion area, who are selected by the Kirksville Chamber of Commerce. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

Missouri Highway 67 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation was formed to facilitate the construction of a 50-mile, four-lane corridor extending from south Fredericktown to north of Poplar Bluff. There has been no activity in the Corporation to date. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. The Corporation will be dissolved, with the approval of the Commission, once the purpose for which the Corporation was formed has been complied with and all obligations have been paid. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 – Significant Accounting Policies (cont.)**

Springfield, MO State Highway Improvement Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds to finance lane expansions, interchange improvements and relocations, and drainage projects in the City of Springfield. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

Wentzville Parkway Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued bonds to finance the expansion and reconstruction of the Pearce Boulevard Interchange. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

**Related Organizations**

Related organizations are excluded from the financial reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Related organizations of the State of Missouri include:

Missouri Health and Educational Facilities Authority – finances health and educational facilities.

Missouri Higher Education Loan Authority – provides a secondary market for loans made under the Federal Family Education Loan Program.

Missouri Housing Development Commission – makes, purchases, and insures mortgage loans which are used to develop new or rehabilitate low and moderate income housing.

Missouri Technology Corporation – promotes the modernization of businesses through the development of science and technology applications.

Missouri Public Entity Risk Management Fund – provides liability protection to participating public entities, their officials, and employees.

Public School Retirement System – provides retirement benefits to employees of public school districts except those in St. Louis and Kansas City.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies (cont.)**

State Environmental Improvement and Energy Resources Authority – finances, acquires, constructs, and equips projects to reduce, prevent, and control pollution and develop the energy resources of the State.

Jackson County Sports Complex Authority – responsible for construction, operation, and financing of the Jackson County Sports Complex.

Kansas City Regional Sports Complex Authority – responsible for the study and review of all current major sports leagues, clubs, or franchises in Kansas City.

St. Charles County Convention and Sports Facility Authority – responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area.

Missouri Cotton Growers Organization, Inc. – organized for boll weevil eradication.

KCT Intermodal Transportation Corporation – organized to pay for a railroad bridge in the Blue Valley Industrial District in Kansas City.

Lake of the Ozarks Community Bridge Corporation – organized to pay for the acquisition and construction of a toll bridge across the Lake of the Ozarks.

Westside Intermodal Transportation Corporation – organized to pay for rail additions and improvements of the Kansas City Terminal Railway.

Highway 19 Missouri River Bridge Transportation Corporation – organized to acquire, construct, own, and operate highway projects and facilities.

Universal Service Board – organized to ensure just, reasonable, and affordable rates for comparable essential local telecommunication services throughout the State.

Interstate Commission for Adult Offender Supervision – responsible for promoting public safety and protecting the rights of victims through the control and regulation of the interstate movement of adults placed under community supervision.

Missouri Access to Higher Education Trust Board – responsible for administering the funds of the Higher Education Trust.

**B. Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements:

The government-wide financial statements focus on the government as a whole. The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Governmental activities include governmental type funds and internal service funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and consist of enterprise funds.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies (cont.)**

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Indirect costs, such as depreciation expense, are included in the direct expenses reported for individual functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary funds have been excluded from the government-wide financial statements because, by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

The difference between fund assets and liabilities is reported as "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on the governmental fund financial statements.

**Fund Financial Statements:**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise fund categories, with each displayed in a separate column. All remaining governmental and enterprise fund categories are aggregated and reported as non-major funds. Internal service fund categories are also aggregated and reported in a separate column on the proprietary fund financial statements.

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Material revenues susceptible to accrual include federal grants, and sales and income taxes. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the State Road Fund, which updates inventory perpetually under the consumption method.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies (cont.)**

The proprietary, pension (and other employee benefit) trust, and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type operating statements present revenues and expenses in total net assets. Operating revenues and expenses in proprietary funds are classified as those activities that make up the primary ongoing operations associated with those funds. Non-operating revenues and expenses in proprietary funds are classified as those activities that are deemed incidental or unusual for those funds.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The agency fund financial statements are presented on the accrual basis of accounting.

The discretely presented component unit financial statements are presented using the economic resources measurement focus and accrual basis of accounting with the following exception in regard to colleges and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

The State reports the following major funds categories:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

State Road – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – accounts for contributions, payments, and federal loans collected under the provisions of the "Unemployment Compensation Law" to pay benefits.

Petroleum Storage Tank Insurance – accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies (cont.)**

**C. Basis of Presentation**

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds and discretely presented component units:

Primary Government:

Governmental Funds include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include enterprise funds and internal service funds. These funds account for the cost of certain services provided by the State.

Fiduciary Funds include pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments, and other funds.

Discretely Presented Component Units:

Major

Colleges and Universities account for moneys from federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

Non-Major

Non-Major Component Units account for moneys from bond proceeds, loans, contributions, gifts, grants, and sales tax proceeds. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

**D. Cash and Cash Equivalents**

For reporting purposes, cash and cash equivalents include bank accounts, petty cash, and all investments with an original maturity of three months or less, such as certificates of deposit, money market certificates, and repurchase agreements. Cash and cash equivalents on the Proprietary Fund Statement of Cash Flows are also reported under this definition. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

**E. Investments**

These are long-term investments which are expected to be held to maturity and redeemed at face value. The majority of investments are reported in pension (and other employee benefit) trust funds, however, investments are held in all fund types. All investments are reported at fair value (see *Note 3*).

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies (cont.)**

**F. Interfund Receivables/Payables**

The State makes various transactions between funds or between primary government and component units to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. These receivables at June 30 are classified as "due from other funds" or "due from primary government/component units" on the Balance Sheet and Statements of Net Assets. Payables are classified as "due to other funds" or "due to primary government/component units" on the Balance Sheet and Statements of Net Assets (see *Note 15*).

**G. Advances to/from Other Funds**

Long-term interfund receivables are classified as "advances to other funds" or "advances to primary government/component units" on the Balance Sheet and Statements of Net Assets. Long-term interfund payables are classified as "advances from other funds" or "advances from primary government/component units" on the Balance Sheet and Statements of Net Assets (see *Note 15*).

**H. Inventories**

Inventories in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the State Road Fund, which updates inventory perpetually under the consumption method. Reserves of fund balance have been established for the inventory balances in governmental funds. Inventories in the proprietary funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average, weighted average, and first-in, first-out.

**I. Restricted Assets**

These moneys are restricted by donors and applicable bond indentures.

**J. Capital Assets**

Capital assets, which include construction in progress, infrastructure in progress, land, land improvements, buildings, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Notes 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of capital assets are not capitalized.

The capitalization threshold for all capital assets is as follows: land improvements – \$15,000, buildings and improvements – \$15,000, and equipment – \$1,000. No dollar threshold is set for land or infrastructure.

Capital assets are depreciated using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 years, and infrastructure 12 to 50 years. Construction in progress, infrastructure in progress, and land are not depreciated.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies (cont.)**

Most works of art and historical treasures are not capitalized or depreciated. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, monuments, and other art throughout the capital grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component unit capital assets are stated at cost and are depreciated using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, and equipment – 5 years.

**K. Deferred/Unearned Revenues**

Governmental Funds

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include \$688,246,000 within the General Fund, \$31,956,000 within the major special revenue funds, \$16,703,000 within the State Road Fund, and \$4,521,000 within non-major governmental funds which totals \$741,426,000 for governmental funds. Such amounts have been deemed to be measurable but not available. All major sources of revenue, including taxes; licenses, fees, and permits; and governmental contributions; are susceptible to accrual when available within 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues of \$42,197,000 within the General Fund, \$610,000 within major special revenue funds, \$9,680,000 within the State Road Fund totaling \$52,487,000.

Proprietary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$24,047,000 within the internal service funds included in governmental activities. Total unearned revenue for enterprise funds is \$596,000 which includes \$555,000 within the Petroleum Storage Tank Insurance Fund, \$41,000 within the non-major enterprise funds.

Component Units

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$58,088,000 within the college and university funds which is the total unearned revenue amount for component units.

**L. Long-Term Debt**

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for the long-term liabilities of governmental funds. These long-term liabilities include the following:

1. Due to Other Entities includes outstanding principal on advances from other governments, contractual obligations to other governments, and loans from other entities. The expenditures are recorded in the appropriate governmental funds when the liability is paid (see *Note 11*).

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies (cont.)**

2. Outstanding principal for general obligation debt. The expenditure for payment of principal and interest for general obligation debt is recorded in the debt service funds when paid (see *Note 12*).
3. Outstanding principal for revenue bonds issued by the Board of Public Buildings, State Road bonds issued by the Missouri Highways and Transportation Commission, and bonds issued by the Health and Educational Facilities Authority and the Regional Convention and Sports Complex Authority. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).
4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums on debt issuances are reported as other financing sources (see *Note 11*).

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, and the State Road Fund (see *Notes 6 and 11*).
6. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds but are recorded as expenditures when paid (see *Note 11*).

Vacation leave is accumulated at a rate of 10 to 14 hours per month depending on the number of years of employment. Accumulated vacation leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State.

7. Claims and contingency liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 21, and 23*).

Long-term liabilities of all proprietary, pension (and other employee benefit) trust, and private-purpose trust funds are accounted for in the respective funds.

**M. Net Assets**

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. At June 30, 2005, net assets restricted by enabling legislation equaled \$738,092,000 for governmental activities and \$2,084,000 for business-type activities.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 1 – Significant Accounting Policies (cont.)**

**N. Revenues**

The revenues of the General Fund include federal grants and contributions of \$6,993,296,000. Revenues for all funds are reported net of refunds of \$1,641,045,000.

**O. Interfund Transactions**

During the fiscal year the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, construct assets, and service debt. Interfund transactions basically consist of these two types:

1. Transactions that would be treated as revenues or expenditures/expenses if they involved organizations external to the State are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.
2. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as transfers (see *Note 16*).

**P. Expenditures and Expenses**

Expenditures and expenses are reported net of revenue over collections of \$1,222,708,000 and \$260,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts and for cost reimbursements of \$417,298,000 and \$779,000, respectively.

**Q. Property Taxes**

Presently there is a state property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund.

The property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32%, and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

**Note 2 – Reporting Changes and Reclassifications**

The Administrative Law Judges and Legal Advisors' Plan (ALJLAP) was terminated on April 26, 2005, per Senate Bill 202. Under this legislation, individuals who assume an administrative law judges or legal advisors position after April 26, 2005, who would have otherwise been covered by ALJLAP will instead participate in the Missouri State Employees' Plan. All net assets of ALJLAP were transferred to the Missouri State Employees' Plan. The ALJLAP and the Missouri State Employees' Plan are reported as pension (and other employee benefit) trust funds.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 2 – Reporting Changes and Reclassifications (cont.)**

The State of Missouri implemented the following new accounting standard issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2005:

- Statement No. 46, *Net Assets Restricted by Enabling Legislation*.

Statement No. 46 amends Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Paragraph 34 of GASB Statement No. 34 requires the fund reporting of restricted net assets when constraints are placed on net asset use through enabling legislation. One of the conditions of enabling legislation is that it needs to include a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Statement No. 46 clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. In addition, Statement No. 46 also requires governments to disclose the portion of total net assets that is restricted by enabling legislation.

**Note 3 – Deposits, Investments and Securities Lending Program**

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized below is the portfolio that represents the "Cash and Cash Equivalents", "Investments", "Restricted Assets – Cash and Cash Equivalents", and "Restricted Assets – Investments" as reported at June 30, 2005.

**A. Deposits**

The State minimizes custodial credit risk by restrictions set forth in state law. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. Statutes restrict the State Treasurer to deposit funds in financial institutions that are physically located in Missouri which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% with approved securities. Deposits must have a maturity of five years or less and earn interest at a rate equal to that paid on U.S. Treasury securities with equivalent maturities.

**Primary Government**

At June 30, 2005, the reported amount of the primary government's deposits was \$533,676,000 and the bank balance was \$541,835,000. Of the bank amount, \$175,000 was uncollateralized, and \$93,000 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

**Fiduciary**

At June 30, 2005, the reported amount of the deposits of the fiduciary funds was \$53,963,000 and the bank balance was \$62,502,000. Of the bank amount, \$2,476,000 was uncollateralized, and \$1,503,000 was collateralized with securities held by the counterparty's trust department or agent in the State's name.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

Component Units

At June 30, 2005, the reported amount of the deposits of the component units was \$364,448,000 and the bank balance was \$375,878,000. Of the bank amount, \$898,000 was uncollateralized, and \$19,182,000 was collateralized with securities held by the counterparty's trust department or agent in the component units' name.

**B. Investments**

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker's acceptances maturing within 180 days, or in repurchase agreements maturing within ninety days secured by U.S. Treasury or Agency securities of any maturity. The internal service funds, the agency and pension (and other employee benefit) trust funds, and the component units, in accordance with statutory authority, invest primarily in U.S. Government securities, repurchase agreements, preferred and common stocks, bonds, real estate, and fixed income securities. There have been no violations of these investment restrictions during fiscal year 2005.

The State Treasurer minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the Treasurer's Office will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

Primary Government

At June 30, 2005, the reported amount of the primary government's investments was \$2,496,141,000. Of the amount, \$609,000 was uninsured and unregistered.

Fiduciary

At June 30, 2005, the reported amount of the fiduciary funds investments was \$9,382,971,000. Of the amount, \$581,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the State's name.

Component Units

At June 30, 2005, the reported amount of the component units investments was \$1,779,582,000. Of the amount, \$179,590,000 was uninsured and unregistered, \$27,013,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent in the component units' name, and \$13,744,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the component units' name.

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 1.5 years, and holding at least 40% of the portfolio's total market value in securities with a maturity of 12 months or less.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

	Maturities in Years					Fair Value
	Less than 1	1-5	6-10	More than 10	No Maturity	
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Government						
Securities	\$ 1,071,622	\$ 527,151	\$ 34,874	\$ 14,943	\$ ---	\$ 1,648,590
Repurchase						
Agreements	311,283	---	---	---	---	311,283
Stocks	---	---	---	---	2,799	2,799
Commercial Paper	507,674	---	---	---	---	507,674
Mutual Funds	---	---	---	---	25,631	25,631
Short-Term						
Securities	164	---	---	---	---	164
Subtotal	1,890,743	527,151	34,874	14,943	28,430	2,496,141
Fiduciary Funds:						
U.S. Government						
Securities	6,077	290,359	706,675	2,855	---	1,005,966
Repurchase						
Agreements	279,206	---	---	---	---	279,206
Stocks	---	---	---	---	1,548,276	1,548,276
Commercial Paper	3,772	---	---	---	---	3,772
Bonds	1,346	554,847	9,035	13,681	---	578,909
International						
Equities	1,041,283	---	---	---	---	1,041,283
Mortgages/ Real Estate	56,708	129,457	2,900	38,343	306,749	534,157
Short-Term						
Securities	583,384	---	---	---	---	583,384
Deferred						
Compensation	---	---	---	---	6,529	6,529
Foreign						
Securities	---	---	---	---	13,388	13,388
Mutual Funds	---	---	---	---	1,143,757	1,143,757
EAFE Index Fund	---	---	---	---	127,319	127,319
Venture Capital						
Limited						
Partnership	---	---	---	---	2,280,557	2,280,557
Absolute Return	---	---	---	---	236,468	236,468
Subtotal	1,971,776	974,663	718,610	54,879	5,663,043	9,382,971
Component Units:						
U.S. Government						
Securities	295,452	355,374	65,743	37,194	1,317	755,080
Repurchase						
Agreements	34,477	---	---	---	---	34,477
Stocks	186	---	---	---	572,809	572,995
Bonds	58,202	109,114	19,390	11,254	---	197,960
Mutual Funds	7,375	885	225	---	6,935	15,420
Commercial Paper	179,590	---	---	---	---	179,590
Other	23,880	---	---	177	3	24,060
Subtotal	599,162	465,373	85,358	48,625	581,064	1,779,582
Total Investments	\$ 4,461,681	\$ 1,967,187	\$ 838,842	\$ 118,447	\$ 6,272,537	\$ 13,658,694

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer from investing more than 5% of the total investment portfolio into any single financial institution or issuer, excluding U.S. securities and repurchase agreements. There are no restrictions in the amount that can be invested in U.S. securities, however, there can be no more than 15% of the total portfolio invested in repurchase agreements. During fiscal year 2005, the State did not have more than 5% of total investments in a single issuer.

The State Treasurer requires investments in commercial paper and bankers' acceptances have the highest letter and numerical ranking (A1/P1) as rated by Moody's Investor Service, Inc. (Moody's) and Standard & Poor's Corporation (S & P). The Treasurer does not have any additional policies regarding credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	Moody's	S & P	Fair Value
Primary Government/Fiduciary:			
Bonds	Aaa	AAA	\$ 1,490,853
	AAA		29,057
	AA		179,984
	A		427,669
	BBB		45,699
	BB		70,963
	B		157,276
	CCC		76,972
	CC		475
	unrated		2,114
		AAA	15,066
		A	9,432
		BBB	11,608
		BB	1,541
		B	243
		unrated	1,810
Commercial Paper	P-1	A-1 +	451,805
	P-1	A-1	321,815
Mortgage/Real Estate	AAA		7,877
		AAA	4,654
		unrated	2,602
Subtotal			<u>3,309,515</u>
Component Units:			
Bonds	AAA	AAA	175
	Aaa		34,185
	Aa3	A+	157
	Aa3	AA-	111
	Aa1	AA-	51
	Aa		70,583
	A2	A	187
	A1	A+	31
	A		85,880
	Baa		925
	unrated	unrated	5,676
Subtotal			<u>197,961</u>
Total Rated Investments			<u>\$ 3,507,476</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

The State Treasurer does not have a policy regarding foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The following table (in thousands of dollars) provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The State Treasurer's Office does not have any deposits or investments in foreign currency, however, the Missouri State Employees' Retirement System and the Missouri Department of Transportation and Patrol Employees' Retirement System do have foreign currency deposits and investments which may be used for hedging purposes. In addition to the amounts provided in the table, the University of Missouri System had \$66,345,000 in government obligations and \$21,102,000 in bonds held in foreign currencies as of June 30, 2005.

Currency	Investment Type			Total
	Cash	Equities	Fixed Income	
Argentina Peso	\$ ---	\$ 246	\$ ---	\$ 246
Australian Dollar	25	43,206	---	43,231
Brazilian Real	1	22,273	---	22,274
British Pound Sterling	1,489	266,524	---	268,013
Canadian Dollar	810	51,482	---	52,292
Chilean Peso	---	4	---	4
Chinese Yuan	148	---	---	148
Czech Koruna	(2,044)	2,443	---	399
Danish Krone	(125)	25,663	---	25,538
Egyptian Pound	---	1,356	---	1,356
Euro	21,739	333,382	3	355,124
Hong Kong Dollar	151	81,006	---	81,157
Hungarian Forint	(380)	604	---	224
Indian Rupee	367	3,116	---	3,483
Indonesian Rupiah	48	4,291	---	4,339
Israeli Shekel	---	1,558	---	1,558
Japanese Yen	10,928	295,885	---	306,813
Jordanian Dinar	---	261	---	261
Lithuanian Litas	---	44	---	44
Malaysian Ringgit	(7)	---	---	(7)
Malysian Ringgit	---	7,283	---	7,283
Mexican Peso	9	15,751	34	15,794
New Taiwan Dollar	---	32	---	32
New Zealand Dollar	14	868	---	882
Norwegian krone	(102)	9,308	---	9,206
Norweign Krone	---	39,667	---	39,667
Pakistani Rupee	---	141	---	141
Peruvian Nuevo Sol	---	96	---	96
Philippine Peso	---	1,391	---	1,391
Pilippine peso	---	303	---	303
Polish Zloty	(1,498)	1,464	---	(34)
Russian Ruble	---	5	---	5
Singapore Dollar	(47)	41,627	---	41,580
South African Rand	10	17,301	---	17,311
South Korean Won	21	44,953	3,441	48,415
Sri Lanka Rupee	---	---	2	2
Swedish Krona	44	29,719	---	29,763
Swiss Franc	39	91,992	---	92,031
Taiwan New Dollar	318	28,600	---	28,918
Thai Baht	(21)	3,866	---	3,845
Turkish Lira	(1,880)	17,025	---	15,145
UK Pound Sterling	121	---	---	121
Venezuelan Bolivar	---	254	---	254
Total	\$ 30,178	\$ 1,484,990	\$ 3,480	\$ 1,518,648

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

**C. Securities Lending Program**

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5 RSMo. Until October 2004, the program was administered by U.S. Bank as the State Treasurer's custodial agent bank, which lends certain securities to registered broker-dealers as approved by the State Treasurer's Office in exchange for collateral. As of October 2004, Bank of New York began acting as the State Treasurer's custodial bank and securities lending agent. For securities which are received as collateral under a bonds borrowed program, at least 75% of the collateral received must match the maturities of the securities lent with a maximum duration gap between loans and investments of 15 days. The maximum life of term loans shall be 90 days.

Collateral may be in the form of cash, securities issued or guaranteed by the United States Government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the State Treasurer's Office. Collateral must be provided in the amount of 102% of the then market value of the loaned securities and accrued interest, if any. The Custodian provides for full indemnification to the State Treasurer's Office for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

At June 30, 2005, the State Treasurer's Office had an aggregate fair value of securities lent of \$316,540,000 and an aggregate fair value of collateral received of \$322,918,000.

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) board of trustees' investment policies permit the pension trust funds to participate in a securities lending program. Certain securities of the Pension Trust Funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of market value for domestic loans and 105% of market value for international loans. MOSERS does not have the authority to pledge or sell collateral securities, without borrower default. On June 30, 2005, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Credit Suisse/First Boston, New York Branch (CSFBNY) served as the agent for the fixed income domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing CSFBNY to lend these securities to a diverse group of dealers on behalf of MOSERS. CSFBNY provides indemnification against dealer default.

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds, managed by CSFBNY. On June 30, 2005, the cash collateral fund had a market value of \$1,099,842,000 and a weighted average maturity of 24 days. At June 30, 2005 and 2004 MOSERS earned \$3,251,000 and \$4,036,000, respectively, on the securities lending program.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

Missouri Department of Transportation and Patrol Employees' Retirement System:

In accordance with the investment policies set by the board of trustees, the Missouri Department of Transportation and Patrol Employees' Retirement System (the System), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities plus any accrued interest; and (2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities plus any accrued interest.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no known failures by any borrowers to return loaned securities or pay distributions thereon during the year.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The collateral held at June 30, 2005, was \$164,438,000 and the market value of securities on loan for the System was \$158,705,000.

At June 30, 2005 and 2004, the System earned \$506,000 and \$333,000, respectively, on the securities lending program.

University of Missouri System:

The University participates in a securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit or other collateral approved by the University. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets a minimum of 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent.

The University continues to receive interest and dividends during the loan period as well as a fee from the borrower. The maturities of the investments made with the cash collateral generally match the maturities of the securities lent. At June 30, 2005, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default. The University can pledge or sell cash and securities received as collateral absent a borrower default.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

At June 30, 2005, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled \$3,170,000. At June 30, 2005, the aggregate fair value of the securities lent was \$81,611,000 and the aggregate fair value of the collateral received was \$81,799,000.

**D. Derivatives**

Missouri State Employees' Retirement System (MOSERS), through its external investment managers, has an investment policy which holds investments in futures contracts, swap contracts, and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2005. The investments are reported at fair value and are included on the Statement of Plan Net Assets of the pension trust funds.

Futures Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$198,458	\$(1,281)

Swaps:

<u>Notional Amount</u>	<u>Counterparty Exposure</u>
\$1,004,767	\$(660)

**Note 4 – Federal Surplus Commodities Inventory**

The federal surplus commodities inventory for the Department of Social Services and the Department of Health and Senior Services were \$122,000 and \$2,414,000, respectively, as of June 30, 2005. This inventory is not considered to be an asset of the State and is not included in the financial statements.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2005, was as follows (in thousands of dollars):

	*Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Construction in Progress .....	\$ 579,137	\$ 89,601	\$ (228,258)	\$ 440,480
Infrastructure in Progress .....	3,011,466	866,342	(831,509)	3,046,299
Land.....	2,422,784	27,453	(49,241)	2,400,996
Total Capital Assets not being Depreciated .....	6,013,387	983,396	(1,109,008)	5,887,775
Capital Assets being Depreciated:				
Land Improvements.....	117,600	19,520	(32)	137,088
Buildings and Improvements .....	2,057,152	10,936	(21,274)	2,046,814
Equipment .....	1,109,413	100,352	(92,839)	1,116,926
Infrastructure .....	37,312,836	792,661	(41,135)	38,064,362
Total Capital Assets being Depreciated .....	40,597,001	923,469	(155,280)	41,365,190
Less Accumulated Depreciation for:				
Land Improvements.....	(55,766)	(3,955)	23	(59,698)
Buildings and Improvements .....	(721,590)	(58,454)	18,507	(761,537)
Equipment .....	(738,447)	(107,171)	77,836	(767,782)
Infrastructure .....	(17,661,871)	(646,603)	41,135	(18,267,339)
Total Accumulated Depreciation.....	(19,177,674)	(816,183)	137,501	(19,856,356)
Total Capital Assets being Depreciated, Net .....	21,419,327	107,286	(17,779)	21,508,834
Governmental Activities Capital Assets, Net.....	<u>\$ 27,432,714</u>	<u>\$ 1,090,682</u>	<u>\$ (1,126,787)</u>	<u>\$ 27,396,609</u>
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Construction in Progress .....	\$ 4,418	\$ 1,872	\$ (454)	\$ 5,836
Land.....	5,464	477	(193)	5,748
Total Capital Assets not being Depreciated .....	9,882	2,349	(647)	11,584
Capital Assets being Depreciated:				
Land Improvements.....	4,763	55	---	4,818
Buildings and Improvements .....	26,863	573	(1,367)	26,069
Equipment .....	45,680	2,552	(1,663)	46,569
Total Capital Assets being Depreciated .....	77,306	3,180	(3,030)	77,456
Less Accumulated Depreciation for:				
Land Improvements.....	(2,693)	(143)	---	(2,836)
Buildings and Improvements .....	(10,813)	(776)	---	(11,589)
Equipment .....	(34,081)	(3,122)	1,641	(35,562)
Total Accumulated Depreciation.....	(47,587)	(4,041)	1,641	(49,987)
Total Capital Assets being Depreciated, Net .....	29,719	(861)	(1,389)	27,469
Business-Type Activities Capital Assets, Net.....	<u>\$ 39,601</u>	<u>\$ 1,488</u>	<u>\$ (2,036)</u>	<u>\$ 39,053</u>

\*Beginning balances as of July 1, 2004 have been restated (see *Note 17*).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 5 – Capital Assets (cont.)**

Depreciation expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government.....	\$ 36,759
Education .....	3,673
Natural and Economic Resources.....	12,868
Transportation and Law Enforcement .....	707,866
Human Services .....	<u>55,017</u>
Total .....	<u>\$ 816,183</u>

**Discretely Presented Component Units**

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated:			
Construction in Progress.....	\$ 204,763	\$ 10,421	\$ 215,184
Land .....	119,929	9,271	129,200
Other Non-Depreciable Assets.....	<u>57,435</u>	<u>---</u>	<u>57,435</u>
Total Capital Assets not being Depreciated .....	<u>382,127</u>	<u>19,692</u>	<u>401,819</u>
Capital Assets being Depreciated:			
Land Improvements .....	17,511	---	17,511
Buildings and Improvements.....	3,154,292	26,769	3,181,061
Equipment, Fixtures, and Books.....	917,393	115	917,508
Infrastructure.....	<u>273,074</u>	<u>---</u>	<u>273,074</u>
Total Capital Assets being Depreciated .....	<u>4,362,270</u>	<u>26,884</u>	<u>4,389,154</u>
Less Total Accumulated Depreciation .....	<u>(1,825,375)</u>	<u>(2,482)</u>	<u>(1,827,857)</u>
Total Capital Assets being Depreciated, Net .....	<u>2,536,895</u>	<u>24,402</u>	<u>2,561,297</u>
Discretely Presented Component Units –			
Capital Assets, Net.....	<u>\$ 2,919,022</u>	<u>\$ 44,094</u>	<u>\$ 2,963,116</u>

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 6 – Leases**

**Capital**

The State has entered into various agreements to lease land, buildings and equipment. FASB Statement No. 13, *Accounting For Leases*, requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee (a capital lease).

Capital leases for the internal service and college and university funds are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of governmental type funds. However, the capital leases and related assets of governmental funds are included on the government-wide financial statements and they are shown on the reconciliation between fund financial statements and government-wide statements.

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>College and University</u>
2006	\$ 35,049	\$ 1,148	\$ 1,904
2007	31,631	547	2,642
2008	29,647	163	2,508
2009	29,050	120	2,426
2010	28,699	120	2,426
2011–2015	106,187	598	12,130
2016–2020	48,847	119	11,099
2021–2025	---	---	1,052
Total Minimum Lease Payments	309,110	2,815	36,187
Less Amount Representing Interest	(79,448)	(340)	(14,327)
Present Value of Net Minimum Lease Payments	<u>\$ 229,662</u>	<u>\$ 2,475</u>	<u>\$ 21,860</u>

Assets acquired through these capital lease agreements are recorded as capital assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is an analysis of the property under capital lease by asset category as of June 30, 2005 (in thousands of dollars):

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>College and University</u>
Land	\$ ---	\$ ---	\$ 153
Buildings	228,962	1,318	26,291
Equipment	44,132	5,685	976
	<u>\$ 273,094</u>	<u>\$ 7,003</u>	<u>\$ 27,420</u>

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 6 – Leases (cont.)**

**Operating**

The State has entered into various operating leases for land, buildings, and equipment. Most of these leases are classified as operating because the lease period is one year with multiple renewal options. Future minimum commitments due under operating leases as of June 30, 2005, were as follows (in thousands of dollars):

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units</u>
2006	\$ 35,403	\$ 3,586
2007	216	884
2008	142	546
2009	119	541
2010	86	523
2011–2015	467	2,079
2016–2020	542	143
2021–2025	628	---
After 2025	<u>137</u>	<u>---</u>
Total Minimum Commitments	<u>\$ 37,740</u>	<u>\$ 8,302</u>

Expenditures for rent under operating leases for the years ended June 30, 2005 and June 30, 2004 were \$36,187,000 and \$33,788,000, respectively.

**Rental Revenue**

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. Future minimum receivables, payable from lessor arrangements as of June 30, 2005, were as follows (in thousands of dollars):

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units</u>
2006	\$ 541	\$ 1,076
2007	480	1,086
2008	396	1,097
2009	337	1,110
2010	275	1,019
2011–2015	1,106	5,231
2016–2020	1,100	5,534
2021–2025	1,066	3,901
After 2025	<u>59</u>	<u>15,209</u>
Total Minimum Receivables	<u>\$ 5,360</u>	<u>\$ 35,263</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 7 – Retirement Systems**

The State has two major retirement systems which cover substantially all state employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Missouri Department of Transportation and Patrol Employees' Retirement System (MPERS). The University of Missouri's Retirement Plan is included as the University is a component unit of the State. The Public School Retirement System of Missouri is included in this note disclosure as the State contributes to it.

Plan Descriptions

The Missouri State Employees' Plan (MSEP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The Plans are administered in accordance with the Revised Statutes of Missouri Sections 104.010 and 104.312-104.1215, and 476.445-476.690, respectively.

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the Judicial Plan are administered and paid by MOSERS.

MOSERS provides retirement, death, and disability benefits to its members. MOSERS employees are fully vested after 5 years of creditable service (4 years for elected officials and 6 years for legislators). The retirement eligibility requirements are as follows:

**MSEP**

Age 65 and active with 4 years of service  
Age 65 with 5 years of service  
Age 60 with 15 years of service  
Age 48 with age and service equaling 80  
or more (Rule of 80)  
Employees may retire early at age 55 with at  
least 10 years of service with reduced benefits.

**MSEP 2000**

Age 62 with 5 years of service  
Age 48 with age and service equaling 80  
or more (Rule of 80)  
Employees may retire early at age 57 with at  
least 5 years of service with reduced benefits.

**Judicial Plan**

Age 62 with 12 years of service  
Age 60 with 15 years of service  
Age 55 with 20 years of service  
Employees may retire early at age 62 with less  
than 12 years of service or age 60 with less  
than 15 years of service with reduced benefit  
that is based upon years of service relative to  
12 or 15 years.

For members hired prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLAs equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP and the Judicial Plan may make a one-time election to receive the present value of benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than \$10,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 7 – Retirement Systems (cont.)**

The Missouri Department of Transportation and Patrol Employees' Retirement System (MPERS) is a single-employer defined benefit public employees' retirement system administered in accordance with the Revised Statutes of Missouri Sections 104.010-104.1093.

MPERS membership is composed of qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol.

MPERS provides retirement, death and disability benefits to its members. Employees are fully vested after 5 years of creditable service. Employees may retire at age 65 with 4 years of service; age 60 with 15 years of service; age 55 with 4 years of service (uniformed members only); or age 48 with age and service equaling 80 or more. Employees may retire between the ages of 55 and 59 and receive a reduced benefit if they have at least 10 years and less than 30 years of service. For members hired prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLAs equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the CPI. Effective August 28, 2003, uniformed patrol members who previously were employed by a non-federal public entity will be allowed to purchase creditable service time of up to 4 years maximum.

Copies of financial reports issued by MOSERS and MPERS can be requested from:

Missouri State Employees' Retirement System  
P.O. Box 209  
907 Wildwood  
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and  
Patrol Employees' Retirement System  
P.O. Box 1930  
Jefferson City, Missouri 65102-1930

**Funding Requirement**

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by state law to make all required contributions to the System. The actuarially determined contributions are expressed as a level percentage of covered payroll. Current year actuarially determined contribution rates for the MSEP and the Judicial Plan are 10.64% and 54.51%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes all required contributions to MPERS. Current year calculated contribution rates are 43.54% for uniformed members of the Highway Patrol and 28.28% for non-uniformed members of the Highway Patrol and employees of the Missouri Department of Transportation. Actual contribution rates are the same as the actuarially determined rates.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 7 – Retirement Systems (cont.)**

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

	<u>MSEP</u>	<u>ALJLAP</u>	<u>Judicial Plan</u>	<u>MPERS</u>
Annual required contribution	\$ 194,524	\$ 1,125	\$ 21,853	\$ 102,240
Interest on net pension obligation	4,976	8	3,433	---
Actuarial adjustment to annual required contribution	(3,647)	(6)	(2,516)	---
Annual pension cost	195,853	1,127	22,770	102,240
Contributions made	(194,524)	(1,125)	(21,853)	(102,240)
Increase in net pension obligation	1,329	2	917	---
Net pension obligation, beginning of year	58,538	97	40,383	---
Transfer of assets and liabilities*	99	(99)	---	---
Net pension obligation, end of year	<u>\$ 59,966</u>	<u>\$ ---</u>	<u>\$ 41,300</u>	<u>\$ ---</u>

\*All assets and liabilities of the ALJLAP were transferred to the MSEP per Senate Bill No. 202, et al that was signed into law on April 26, 2005 by Governor Matt Blunt. This Senate Bill terminated the ALJLAP for new hires.

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2003, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MOSERS include (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4.0% per year annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year for MSEP and 0% to 1.6% for the Judicial Plan, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase 4.0% per year after retirement.

The actuarial valuation of the System dated June 30, 2005, will set the required contribution rates for the fiscal year ending June 30, 2007. The actuarial value of assets was determined using a 5-year valuation method which fully recognizes expected investment return and averages unanticipated market return. The unfunded actuarial accrued liabilities are amortized on a closed basis as a level percentage of payroll over 30 years.

The annual required contribution for MPERS for the current year was determined as part of an actuarial valuation as of June 30, 2003, using the normal entry age actuarial cost method. Significant actuarial assumptions used in the valuation for MPERS include (a) rate of return on the investment of 8.25% and (b) projected wage inflation rate of 3.75%.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 7 – Retirement Systems (cont.)**

As of June 30, 2005, the actuarial valuation of assets was determined using a 3-year smoothed market average. The unfunded actuarial accrued liabilities are amortized as closed, level percentage over 30 years.

Trend Information (in thousands of dollars)

	MSEP (combined with ALJLAP)			Judicial Plan		
	Fiscal Year Ending			Fiscal Year Ending		
	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/03</u>	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/03</u>
Annual Pension Cost (APC)	\$ 196,980	\$ 167,120	\$ 158,950	\$ 22,770	\$ 21,656	\$ 21,748
Percentage of APC Contributed	99.32%	99.11%	99.10%	95.97%	95.29%	95.65%
Net Pension Obligation	\$ 59,996	\$ 58,635	\$ 57,153	\$ 41,300	\$ 40,383	\$ 39,363

	MPERS		
	Fiscal Year Ending		
	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/03</u>
Annual Pension Cost (APC)	\$ 102,240	\$ 86,725	\$ 82,039
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

**Public School Retirement System of Missouri:**

The State of Missouri also made employer contributions to the Public School Retirement System of Missouri which is a cost-sharing multiple-employer defined benefit public employees' retirement system. The System includes all public school districts within the State except for the two districts covering the major metropolitan areas. It also includes certain public colleges and universities and some state employees.

The benefit provisions include retirement annuities, death benefits and disability benefits. A member is vested after acquiring five years of membership credit for Missouri service.

The System was created and is governed by Chapter 169 of the Revised Statutes of Missouri. State employees who elect to remain with the Public School Retirement System under the Revised Statutes of Missouri, Section 104.342, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed \$2,179,000, \$2,752,000, and \$2,951,000 for the years ending June 30, 2005, 2004 and 2003, respectively, to the System. These were equal to the required contributions for 2004 and 2003. Required contributions for 2005 were \$2,218,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 7 – Retirement Systems (cont.)**

Copies of the System's June 30, 2005, Comprehensive Annual Financial Report can be requested from:

Public School Retirement System of Missouri  
P.O. Box 268  
3210 West Truman Boulevard  
Jefferson City, Missouri 65109

**College and University:**

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability and Death Benefit Plan is a single employer, defined benefit plan for all qualified employees. The University's Board of Curators establishes the terms of the Plan and administers it as authorized by state statute.

All full-time employees are eligible for benefits after five years of credited service. Full benefits are available to members who retire at age 65 or after. Early retirement may be taken, at member's option, after age 55 with at least ten years of credited service, or age 60 with five years of credited service. Benefits are reduced for those who retire early, unless they retire at age 62 or later with at least 25 years of credited service. At retirement, up to 30% of the value of the retirement annuity can be taken in a lump sum; also the single life annuity can be exchanged for an actuarially equivalent annuity option.

Separate financial statements and supplemental schedules are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2005 financial report, which is publicly available. Copies of this report can be requested from:

University of Missouri System  
Office of the Controller  
118 University Hall  
Columbia, Missouri 65211

Funding Requirement

The University's contributions to the Plan are equal to the actuarially determined contribution requirement, as a percent of payroll, which averaged 6.4% for the year ended June 30, 2005. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually at the beginning of the University's fiscal year on July 1 to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1, and the adoption of any Plan amendments during the interim.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 7 – Retirement Systems (cont.)**

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

Annual required contribution	\$ 49,075
Interest on net pension obligation	---
Adjustment to annual required contribution	---
Annual pension cost	49,075
Contributions made	(49,075)
Change in net pension obligation	---
Net pension obligation, beginning of year	---
Net pension obligation, end of year	\$ ---

The annual required contribution for the University for the current year was determined as part of an actuarial valuation of the System as of October 1, 2003, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) assumed rate of return on investments of 8.0% per year, (b) projected salary increases for academic and administrative employees averaging 5.2% per year, (c) projected salary increases for clerical and service employees averaging 4.5% per year, and (d) assumed no future retiree ad-hoc increases or cost of living adjustments.

Trend Information (in thousands of dollars)

	Fiscal Year Ending		
	06/30/05	06/30/04	06/30/03
Annual Pension Cost (APC)	\$ 49,075	\$ 48,521	\$ 17,962
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

**Note 8 – Other Postemployment Benefits**

In addition to the retirement benefits described in *Note 7*, the State provides postemployment health care and life insurance benefits, in accordance with state statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the Highway and Transportation Employees' and Highway Patrol Insurance Plan (HEHIP), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, HEHIP, and CEIP for health care benefits are approximately 12,748, 4,026, and 525, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, HEHIP, and CEIP for life insurance benefits are 14,495, 3,186, and 356, respectively. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employer and employee contributions. HEHIP and CEIP life insurance benefits are funded through employee contributions. Employer contribution rates are set in accordance with Section 103.100 of the Revised Statutes of Missouri. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2005 the State's contributions were 55.56% of the total (employer/employee) contributions made for other postemployment benefits.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 8 – Other Postemployment Benefits (cont.)**

Currently, the number of retirees/long-term disability claimants participating in each plan is as follows:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	12,748	---
MOSERS	---	14,495
HEHPIP	4,026	3,186
CEIP	<u>525</u>	<u>356</u>
Total	<u><u>17,299</u></u>	<u><u>18,037</u></u>

During fiscal year 2005 the State contributed the following amounts (in thousands of dollars):

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 48,128	\$ ---
MOSERS	---	1,893
HEHPIP	12,049	---
CEIP	<u>1,680</u>	<u>---</u>
Total	<u><u>\$ 61,857</u></u>	<u><u>\$ 1,893</u></u>

During fiscal year 2005 the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows (in thousands of dollars):

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 69,646	\$ ---
MOSERS	---	---
HEHPIP	27,020	961
CEIP	<u>2,952</u>	<u>230</u>
Total	<u><u>\$ 99,618</u></u>	<u><u>\$ 1,191</u></u>

**College and University Funds:**

University of Missouri System

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 5,475 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2005 the University's contributions were 52.97% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the numbers of retirees/long-term disability claimants participating are 4,847 for medical care, 4,451 for dental care, 2,720 for life insurance, and 3,938 for accidental death and dismemberment, dependent life and long-term care insurance. During fiscal year 2005, the University contributed \$14,805,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$31,147,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 9 – Deferred Compensation**

**Missouri State Public Employees' Deferred Compensation Plan:**

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account or annuity contract for the exclusive benefit of Plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice between the investment option(s) available by the Plan is made by the participants.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide  
Retirement Solutions, Inc.  
One Nationwide Plaza, 1-13-G1  
Columbus, Ohio 43215-2220

**Missouri State Employees' Deferred Compensation Incentive Plan:**

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code. It is administered by the Public Employees Benefit Services Corporation (PEBSCO).

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months immediately preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees' Deferred Compensation Plan. The State, subject to appropriation, contributes \$25 per month for each employee that meets these requirements. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. During fiscal year 2005, employer contributions were \$11,249,000. No employee contributions are made to the Plan.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide  
Retirement Solutions, Inc.  
One Nationwide Plaza, 1-13-G1  
Columbus, Ohio 43215-2220

STATE OF MISSOURI  
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**Note 10 – Changes in Short-Term Liabilities**

The State uses a bank overdraft line of credit to compensate for timing in cash payments and receipts. Budget reserve loans are also issued to the General Revenue Fund and other funds to maintain adequate cash balances for anticipated payments.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2005 (in thousands of dollars):

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<b>Governmental Activities:</b>				
Bank Overdraft	\$ 3	\$ 526,850	\$ (526,853)	\$ ---
Budget Reserve Loans	---	266,951	(266,951)	---
Total Governmental Activities	<u>\$ 3</u>	<u>\$ 793,801</u>	<u>\$ (793,804)</u>	<u>\$ ---</u>

**Note 11 – Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2005 (in thousands of dollars):

	*Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005	Due Within One Year
<b>Governmental Activities:</b>					
Due to Other Entities	\$ 32,228	\$ 619	\$ (1,536)	\$ 31,311	\$ 10
General Obligation Bonds Payable	855,115	157,605	(221,810)	790,910	50,975
Other Bonds Payable	1,628,510	---	(51,510)	1,577,000	55,345
Unamortized Bond Premium	97,862	18,274	(17,159)	98,977	---
Obligations Under Lease/Purchases	198,935	53,161	(19,959)	232,137	21,916
Compensated Absences	153,504	139,726	(131,740)	161,490	131,707
Claims Liabilities	75,911	305,113	(272,106)	108,918	75,066
Contingent Liabilities	141,031	---	(23,355)	117,676	23,355
2 <sup>nd</sup> Injury Fund					
Contingent Liabilities	749,600	168,124	(63,390)	854,334	63,390
Net Pension Obligation	99,018	321,990	(319,742)	101,266	---
Total Governmental Activities	<u>\$ 4,031,714</u>	<u>\$ 1,164,612</u>	<u>\$ (1,122,307)</u>	<u>\$ 4,074,019</u>	<u>\$ 421,764</u>
<b>Business-Type Activities:</b>					
Claims Liability	\$ 113,666	\$ 20,774	\$ (13,386)	\$ 121,054	\$ 20,000
Grand Prize Winner Liability	107,225	44,772	(41,752)	110,245	41,423
Obligations Under Lease/Purchases	1,335	---	(1,335)	---	---
Compensated Absences	2,348	4,322	(4,323)	2,347	2,340
Total Business-Type Activities	<u>\$ 224,574</u>	<u>\$ 69,868</u>	<u>\$ (60,796)</u>	<u>\$ 233,646</u>	<u>\$ 63,763</u>

\*Beginning balances as of July 1, 2004 have been restated (see *Note 17*).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 12 – Bonds Payable**

Bonds are long-term liabilities and are reconciling items from fund financial statements to government-wide financial statements. These bonds are included as long-term liabilities because the principal and interest payments required for retirement of the bonds are made from governmental funds. On the Government-Wide Statement of Net Assets, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement.

**General Obligation Bonds:**

The Board of Fund Commissioners of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund to the debt service funds from which principal and interest payments are made. Four types of general obligation bonds are currently outstanding. Proceeds from the Water Pollution Control Bonds were used to provide funds for the protection of the environment through the control of water pollution. Proceeds from the \$600,000,000 Third State Building Bonds were used to provide funds for improvements of state buildings and property. Proceeds from the \$250,000,000 Fourth State Building Bonds were used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds were used to provide funds to protect the environment through the control of stormwater.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Water Pollution Control Bonds:				
Series A 1987 Refunding	8/1/87	\$ 49,715	A 1981	\$ 16,940
			B 1983	9,625
			A 1985	19,575
Series B 1991 Refunding	11/1/91	17,435	A 1983	16,415
Series C 1991 Refunding	11/1/91	33,575	B 1987	30,695
Series B 1992 Refunding	8/15/92	50,435	A 1986	46,400
Series B 1993 Refunding	8/1/93	109,415	A 1987 Refunding	33,240
			A 1989	27,280
			A 1991	27,350
			B 1991 Refunding	11,355
Series B 2002 Refunding	10/15/02	147,710	C 1991 Refunding	21,875
			A 1992	26,560
			B 1992 Refunding	33,595
			A 1993	22,350
			A 1995	22,520
			A 1996	25,900
Series A 2003 Refunding	10/29/03	74,655	B 1993 Refunding	76,540
Series A 2005 Refunding	6/29/05	95,100	A 1996	2,160
			A 1998	28,680
			A 1999	17,595
			A 2003 Refunding	51,535

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 12 – Bonds Payable (cont.)**

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Third State Building Bonds:				
Series A 1987 Refunding	8/1/87	170,115	B 1983	33,675
			A 1984	48,130
			A 1985	73,375
Series A 1991 Refunding	11/1/91	34,870	A 1983	32,835
Series B 1991 Refunding	11/1/91	71,955	B 1987	65,780
Series A 1992 Refunding	8/15/92	273,205	A 1986	251,355
Series A 1993 Refunding	8/1/93	148,480	A 1987 Refunding	113,725
			A 1991 Refunding	22,935
Series A 2002 Refunding	10/15/02	211,630	B 1991 Refunding	47,320
			A 1992 Refunding	181,170
Series A 2003 Refunding	10/29/03	75,650	A 1993 Refunding	79,380
Fourth State Building Bonds:				
Series A 2002 Refunding	10/15/02	154,840	A 1995	56,300
			A 1996	92,485
Series A 2005 Refunding	6/29/05	45,330	A 1996	7,715
			A 1998	40,970
Stormwater Control Bonds:				
Series A 2005 Refunding	6/29/05	17,175	A 1999	17,595

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2005, \$544,494,240 of the Water Pollution Control Bonds; \$600,000,000 of the Third State Building Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$180,505,760 and for Stormwater Control Bonds is \$155,000,000. There is no remaining authorization for the Third State Building Bonds or the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Water Pollution Control Bonds:						
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	\$ 20,000	\$ 18,025
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	30,000	28,580
Series B 2002 – Refunding	3.375– 5.0%	4/1; 10/1	10/02	10/1/21	147,710	142,080
Series A 2003 – Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/16	74,655	20,405
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/16	95,100	95,100
Third State Building Bonds:						
Series A 2002 – Refunding	4.0 – 5.0%	4/1; 10/1	10/02	10/1/12	211,630	179,010
Series A 2003 – Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/12	75,650	67,065
Fourth State Building Bonds:						
Series A 2002 – Refunding	3.375– 5.0%	4/1; 10/1	10/02	10/1/21	154,840	154,840
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/16	45,330	45,330
Stormwater Control Bonds:						
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	10,000	9,010
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	15,000	14,290
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/15	17,175	17,175
Total General Obligation Bonds					<u>\$ 897,090</u>	<u>\$ 790,910</u>
Less: Amount in Sinking Fund for payment of Principal						<u>(50,975)</u>
						<u>\$ 739,935</u>

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 12 – Bonds Payable (cont.)**

As of June 30, 2005, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 50,975	\$ 34,634	\$ 85,609
2007	55,420	33,999	89,419
2008	66,395	31,231	97,626
2009	63,950	28,250	92,200
2010	70,010	24,904	94,914
2011–2015	268,145	80,687	348,832
2016–2020	163,280	28,219	191,499
2021–2025	42,305	6,328	48,633
2026–2028	<u>10,430</u>	<u>743</u>	<u>11,173</u>
Totals	<u>\$ 790,910</u>	<u>\$ 268,995</u>	<u>\$ 1,059,905</u>

**Other Bonds:**

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits state agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and to pay the costs of operations. The total amount authorized for the Board equals \$825,000,000.

To take advantage of lower interest rates, the Board of Public Buildings has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Board of Public Buildings:				
Series A 1983 Refunding	10/1/83	\$ 43,445	A 1981	\$ 43,445
Series A 1985 Refunding	12/1/85	150,560	1966	2,160
			1967	825
			A 1978	11,745
			A 1979	2,260
			A 1980	3,795
			A 1983 Refunding	39,875
			A 1984	89,900
Series A 1991 Refunding	12/1/91	148,500	A 1985 Refunding	107,700
			A 1988	19,165
			B 1988	2,550
			C 1988	2,145
Series B 2001 Refunding	10/1/01	83,465	A 1991 Refunding	86,810

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2005, the Board of Public Buildings Bonds had issued \$751,205,000 of the bond authorization. The remaining authorization is \$73,795,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 12 – Bonds Payable (cont.)**

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Board of Public Buildings:						
Series A 2001	4.25 – 5.5%	5/1; 11/1	5/01	5/1/26	\$ 173,870	\$ 157,620
Series B 2001 – Refunding	3.5 – 5.5%	6/1; 12/1	10/01	12/1/12	83,465	57,875
Series A 2003	4.0 – 6.0%	4/15;10/15	4/03	10/15/28	387,425	387,425
Total Board of Public Buildings Bonds					<u>\$ 644,760</u>	<u>\$ 602,920</u>

As of June 30, 2005, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 14,130	\$ 29,891	\$ 44,021
2007	25,715	29,043	54,758
2008	26,535	27,764	54,299
2009	27,500	26,353	53,853
2010	28,560	24,860	53,420
2011–2015	102,800	106,839	209,639
2016–2020	118,865	78,991	197,856
2021–2025	149,440	46,763	196,203
2026–2029	109,375	10,398	119,773
Totals	<u>\$ 602,920</u>	<u>\$ 380,902</u>	<u>\$ 983,822</u>

The Health and Educational Facilities Authority issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project), Series 2001, dated November 1, 2001. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated November 1, 2001, the Office of Administration will request that the Governor’s annual budget request to the General Assembly include the State’s financing amount for principal and interest each year. These bonds are included as long-term liabilities since they will be repaid with moneys from the General Fund.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2005 were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Educational Facilities Revenue Bonds:						
Series 2001	3.0 – 5.0%	5/1; 11/1	11/01	11/1/21	<u>\$ 35,000</u>	<u>\$ 33,665</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 12 – Bonds Payable (cont.)**

As of June 30, 2005, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 1,380	\$ 1,493	\$ 2,873
2007	1,430	1,450	2,880
2008	1,485	1,402	2,887
2009	1,545	1,349	2,894
2010	1,610	1,281	2,891
2011–2015	9,195	5,164	14,359
2016–2020	11,545	2,793	14,338
2021–2022	5,475	264	5,739
<b>Totals</b>	<b>\$ 33,665</b>	<b>\$ 15,196</b>	<b>\$ 48,861</b>

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds, Series A 1991, dated August 15, 1991. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds, Series A 1993 for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. On July 30, 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project Refunding Bonds, Series A 2003 for the purpose of refunding Convention and Sports Facility Project Bonds, Series A 1991 and Series A 1993 Refunding Bonds and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$2,845,000 for the Series A 1991 Bonds and \$113,170,000 for the Series A 1993 Refunding Bonds. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, these bonds are included as long-term liabilities since they will be repaid with moneys from the General Fund.

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2005 were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Convention and Sports Facility Project Bonds:						
Series A 2003 – Refunding	1.42–5.375%	2/15; 8/15	7/03	8/15/21	\$ 116,030	\$ 111,915

As of June 30, 2005, the debt service requirements for these bonds are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 4,395	\$ 5,518	\$ 9,913
2007	4,565	5,336	9,901
2008	4,755	5,127	9,882
2009	4,985	4,894	9,879
2010	5,225	4,654	9,879
2011–2015	30,290	18,912	49,202
2016–2020	39,065	9,897	48,962
2021–2022	18,635	901	19,536
<b>Totals</b>	<b>\$ 111,915</b>	<b>\$ 55,239</b>	<b>\$ 167,154</b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 12 – Bonds Payable (cont.)**

Under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount of \$10,000,000 for principal and interest and \$2,000,000 for maintenance each year. Future payments to the Authority related to the bond repayment are as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>State</u> <u>Debt Service</u> <u>Payments</u>
2006	\$ 10,000
2007	10,000
2008	10,000
2009	10,000
2010	10,000
2011–2015	50,000
2016–2020	50,000
2021–2022	<u>15,000</u>
Total	<u>\$ 165,000</u>

The Missouri Highways and Transportation Commission authorized by Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the State Road Fund.

The total amount authorized for the Commission equals \$2,250,000,000. On December 1, 2000, the Commission issued \$250,000,000 principal amount of State Road Bonds, Series A 2000. In October 2001, the Commission issued \$200,000,000 principal amount of State Road Bonds, Series A 2001. State Road Bonds, Series A 2002, were issued by the Commission in June 2002 with principal amount of \$203,000,000. In November 2003, the Commission issued \$254,000,000 principal amount of State Road Bonds, Series A 2003. As of June 30, 2005, the Missouri Highways and Transportation Commission had used \$907,000,000 of the bond authorization.

The State Road Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest</u> <u>Rates</u>	<u>Payment</u> <u>Dates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2000	4.30–5.625%	2/1; 8/1	12/00	2/1/20	\$ 250,000	\$ 216,615
Series A 2001	2.25–5.125%	2/1; 8/1	10/01	2/1/21	200,000	178,060
Series A 2002	3.00–5.25%	2/1; 8/1	6/02	2/1/22	203,000	187,950
Series A 2003	2.00–5.00%	2/1; 8/1	11/03	2/1/23	<u>254,000</u>	<u>245,875</u>
Total Missouri Highways and Transportation Commission					<u>\$ 907,000</u>	<u>\$ 828,500</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 12 – Bonds Payable (cont.)**

As of June 30, 2005 debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission State Road Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 35,440	\$ 40,537	\$ 75,977
2007	36,740	39,086	75,826
2008	38,005	37,519	75,524
2009	39,540	35,740	75,280
2010	41,280	33,787	75,067
2011–2015	236,530	136,313	372,843
2016–2020	300,110	70,822	370,932
2021–2023	<u>100,855</u>	<u>8,215</u>	<u>109,070</u>
Totals	<u>\$ 828,500</u>	<u>\$ 402,019</u>	<u>\$ 1,230,519</u>

**Component Units' Long-Term Debt** – The following bonds are included in the balance sheet of the College and University Funds and the Non-Major Component Units.

Major

College and University Funds:

The colleges and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2005, debt service requirements for principal and interest for the colleges and universities were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 29,392	\$ 40,504	\$ 69,896
2007	29,731	39,028	68,759
2008	28,900	37,884	66,784
2009	30,124	36,686	66,810
2010	31,098	35,397	66,495
2011–2015	158,652	156,681	315,333
2016–2020	168,144	119,489	287,633
2021–2025	204,735	78,104	282,839
2026–2030	173,370	32,393	205,763
2031–2035	<u>83,480</u>	<u>4,974</u>	<u>88,454</u>
Totals <sup>(1)</sup>	<u>\$ 937,626</u>	<u>\$ 581,140</u>	<u>\$ 1,518,766</u>

<sup>(1)</sup> The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 12 – Bonds Payable (cont.)**

Non-Major

Missouri Development Finance Board:

In December 2000, the Board issued \$6,500,000 and \$14,600,000 in Facilities Revenue Bonds Series 2000B and 2000C, respectively for the purpose of paying the costs of acquiring land and constructing parking garages. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the parking garages.

In October 2004, the Board issued \$9,500,000 in Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and \$7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds.

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Development Finance Board:						
Revenue Bonds						
Series 2000B	up to 8.5%	12/1	12/00	12/1/20	\$ 6,500	\$ 5,200
Series 2000C	up to 6.7%	12/1	12/00	12/1/20	14,600	12,900
Series 2004A	up to 10%	10/1	10/04	10/1/21	9,500	9,500
Series 2004B	up to 10%	10/1	10/04	10/1/21	7,000	7,000
Total Missouri Development Finance Board Revenue Bonds					<u>\$ 37,600</u>	<u>\$ 34,600</u>

As of June 30, 2005, the debt service requirements for principal and interest in future years for the Missouri Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ ---	\$ 498	\$ 498
2007	---	498	498
2008	240	2,783	3,023
2009	255	941	1,196
2010	270	934	1,204
2011-2015	1,630	4,538	6,168
2016-2020	4,755	4,073	8,828
2021-2025	18,695	1,824	20,519
2026-2030	4,270	872	5,142
2031-2034	4,485	194	4,679
Totals	<u>\$ 34,600</u>	<u>\$ 17,155</u>	<u>\$ 51,755</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 12 – Bonds Payable (cont.)**

In December 2002, the Missouri Development Finance Board purchased a rate cap agreement of 8.5% for Series 2000B bonds and 6.7% for Series 2000C bonds with an expiration date of December 1, 2007. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate. The annual debt service schedule assumes an interest rate of 2.75%, representing the interest rate at June 30, 2005, for the Series 2000B and Series 2000C bonds, which represents the maximum interest rate under the rate cap agreement. The annual debt service schedule also assumes an interest rate of 2.77%, representing the interest rate as of June 30, 2005, for the Ninth Street Garage Series 2004A and 2004B bonds.

**Transportation Corporations:**

The Fulton 54 Transportation Corporation issued \$8,705,000 of Highway Revenue Bonds Series 2000 dated September 1, 2000. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Fulton 54 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Fulton 54 Transportation Corporation:						
Highway Revenue Bonds Series 2000	4.60–5.00%	9/1	9/00	9/1/07	<u>\$ 8,705</u>	<u>\$ 6,540</u>

As of June 30, 2005, debt service requirements for principal and interest in future years for the Fulton 54 Transportation Corporation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 2,165	\$ 262	\$ 2,427
2007	2,180	158	2,338
2008	<u>2,195</u>	<u>52</u>	<u>2,247</u>
Totals	<u>\$ 6,540</u>	<u>\$ 472</u>	<u>\$ 7,012</u>

Under a financing agreement dated September 1, 2000, the Missouri Highways and Transportation Commission will make payments to the Fulton 54 Transportation Corporation in the amount of \$7,695,000 to pay a portion of the principal on the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2006	\$ 2,165
2007	2,165
2008	<u>1,200</u>
Total	<u>\$ 5,530</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 12 – Bonds Payable (cont.)**

The Missouri Highway 179 Transportation Corporation issued \$22,930,000 of Highway Revenue Bonds Series 1997 dated September 1, 1997. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Missouri Highway 179 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highway 179 Transportation Corporation: Highway Revenue Bonds Series 1997	3.95 – 5.25%	3/1; 9/1	9/97	9/1/08	<u>\$ 22,930</u>	<u>\$ 10,380</u>

As of June 30, 2005, debt service requirements for principal and interest in future years for the Missouri Highway 179 Transportation Corporation Highway Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 2,420	\$ 456	\$ 2,876
2007	2,530	344	2,874
2008	2,645	216	2,861
2009	<u>2,785</u>	<u>73</u>	<u>2,858</u>
Totals	<u>\$ 10,380</u>	<u>\$ 1,089</u>	<u>\$ 11,469</u>

Under a financing agreement dated August 1, 1997, the Missouri Highways and Transportation Commission will make payments to the Highway 179 Transportation Corporation in the amount of \$24,910,000 to pay a portion of the principal and interest on the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Commission's Total Payments</u>
2006	\$ 1,755	\$ 759	\$ 2,514
2007	1,709	880	2,589
2008	1,580	1,088	2,668
2009	<u>1,742</u>	<u>1,358</u>	<u>3,100</u>
Totals	<u>\$ 6,786</u>	<u>\$ 4,085</u>	<u>\$ 10,871</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 12 – Bonds Payable (cont.)**

On August 1, 1999, the Springfield, MO State Highway Improvement Corporation issued \$17,240,000 of Transportation Revenue Bonds, Series 1999. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Springfield, MO State Highway Improvement Corporation: Transportation Revenue Bonds Series 1999	3.6 – 4.75%	2/1; 8/1	8/99	8/1/05	<u>\$ 17,240</u>	<u>\$ 3,470</u>

As of June 30, 2005, debt service requirements for principal and interest in future years for the Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	<u>\$ 3,470</u>	<u>\$ 78</u>	<u>\$ 3,548</u>

Under an amended financing agreement dated August 5, 1999, the Missouri Highways and Transportation Commission will make payments to the Springfield, MO Highway Improvement Corporation in the amount of \$28,667,000 to pay a portion of the principal of the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2006	<u>\$ 3,667</u>

The Wentzville Parkway Transportation Corporation issued \$12,935,000 of Transportation Revenue Bonds, Series 2001 dated May 1, 2001. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Wentzville Parkway Transportation Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Wentzville Parkway Transportation Corporation: Transportation Revenue Bonds Series 2001	3.4 – 4.9%	2/1; 8/1	5/01	8/1/10	<u>\$ 12,935</u>	<u>\$ 12,425</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 12 – Bonds Payable (cont.)**

As of June 30, 2005, debt service requirements for principal and interest in future years for the Wentzville Parkway Transportation Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 100	\$ 562	\$ 662
2007	8,935	362	9,297
2008	485	152	637
2009	515	129	644
2010	535	104	639
2011	<u>1,855</u>	<u>45</u>	<u>1,900</u>
Totals	<u>\$ 12,425</u>	<u>\$ 1,354</u>	<u>\$ 13,779</u>

Under a funding agreement dated April 6, 2001, the Missouri Highways and Transportation Commission will make a fixed sum payment to the Wentzville Parkway Transportation Corporation in the amount of \$8,850,000 to pay a portion of the principal of the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2006	\$ ---
2007	<u>8,850</u>
Total	<u>\$ 8,850</u>

**Bond Transactions of the State of Missouri** – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2005 (in thousands of dollars):

	<u>Governmental Funds</u>		<u>Component Units</u>	
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Revenue Bonds</u>	<u>Totals</u>
Bonds Payable at July 1, 2004	\$ 855,115	\$ 1,628,510	\$ ---	\$ 2,483,625
Bond Issuance	157,605	---	---	157,605
Bonds Retired	<u>(221,810)</u>	<u>(51,510)</u>	<u>---</u>	<u>(273,320)</u>
Subtotal	790,910	1,577,000	---	2,367,910
College and University <sup>(1)</sup>	---	---	937,626	937,626
Missouri Development Finance Board	---	---	34,600	34,600
Fulton 54 Transportation Corporation	---	---	6,540	6,540
Highway 179 Transportation Corporation	---	---	10,380	10,380
Springfield, MO State Highway Improvement	---	---	3,470	3,470
Wentzville Parkway Transportation Corporation	<u>---</u>	<u>---</u>	<u>12,425</u>	<u>12,425</u>
Bonds Payable at June 30, 2005	<u>\$ 790,910</u>	<u>\$ 1,577,000</u>	<u>\$ 1,005,041</u>	<u>\$ 3,372,951</u>

<sup>(1)</sup> Detailed information for College and University Funds are not shown.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 13 – Defeased Debt**

**A. Current Year Debt Defeasance**

On June 29, 2005, the State of Missouri issued \$95,100,000 in Water Pollution Control General Obligation Refunding Bonds, Series A 2005, with an interest rate of 5.00% to refund \$2,160,000 of outstanding Water Pollution Control, Series A 1996 with interest rates ranging from 5.20% to 6.25%, \$28,680,000 of outstanding Water Pollution Control, Series A 1998 with interest rates ranging from 4.25% to 6.25%, \$17,595,000 of outstanding Water Pollution Control, Series A 1999 with interest rates ranging from 4.50% to 7.50%, and \$51,535,000 of outstanding Water Pollution Control, Series A 2003–Refunding with interest rates ranging from 3.25% to 6.00%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The State reduced its total debt service payments over the next 20 years by \$2,706,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$4,641,000.

On June 29, 2005, the State of Missouri issued \$17,175,000 in Stormwater Control General Obligation Refunding Bonds, Series A 2005, with an interest rate of 5.00% to refund \$17,595,000 of outstanding Stormwater Control, Series A 1999 with interest rates ranging from 4.50% to 7.50%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The State reduced its total debt service payments over the next 20 years by \$4,541,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$1,922,000.

On June 29, 2005, the State of Missouri issued \$45,330,000 in Fourth State Building General Obligation Refunding Bonds, Series A 2005, with an interest rate of 5.00% to refund \$7,715,000 of outstanding Fourth State Building, Series A 1996 with interest rates ranging from 5.20% to 6.25%, and \$40,970,000 of outstanding Fourth State Building, Series A 1998 with interest rates ranging from 4.25% to 6.25%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The State reduced its total debt service payments over the next 18 years by \$4,280,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$3,249,000.

On June 30, 2005, Southwest Missouri State University issued \$32,850,000 of bonds as Series 2005 A. The Series 2005 A bonds refunded \$13,960,000 and \$16,835,000 of series 1997 A and 1999 A, respectively. The outstanding balances of the defeased bonds are not reflected on the statement of net assets of the University. The difference in cash flows required to service the old debt and those required to service the new debt was \$2,929,000. The net present value savings of the aggregate decreased debt service payments were \$2,128,000.

On June 1, 2005, the Missouri Southern State University issued \$5,395,000 of bonds as the Series 2005 A. The Series 2005 A bonds refunded \$5,240,000 of outstanding 1997 series bonds. Bonds maturing in the year 2016 and thereafter, are callable for redemption and payment, at the University's option, on or after October 1, 2015. The economic gain on the refunding is \$274,000. The economic gain is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate of the new debt. The difference in cash flows between the old debt service requirements and the new debt requirements is \$374,000.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 13 – Defeased Debt (cont.)**

**B. Cumulative Debt Defeasances**

Various bond issues have been defeased by creating separate irrevocable trust funds.

Either new debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds or sufficient funds have been deposited in an irrevocable escrow to pay principal and interest as they become due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the governmental activities and college and university funds Statement of Net Assets.

Governmental Activities – As of June 30, 2005, bonds outstanding of \$289,940,000 are defeased.

College and University Funds – As of June 30, 2005, bonds outstanding of \$115,963,000 are defeased.

**Note 14 – Payables and Receivables**

A summary of accounts payable and accounts receivable at June 30, 2005, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2005
Accounts Payable:			
Taxpayers	\$ 99,798	\$ ---	\$ 99,798
Other Governments	237,678	730	238,408
Vendors	828,403	299,635	1,128,038
Beneficiaries	25	---	25
Employees	86,467	1,821	88,288
Other	49,095	---	49,095
	<u>\$ 1,301,466</u>	<u>\$ 302,186</u>	<u>\$ 1,603,652</u>
Total Accounts Payable			
	<u>\$ 1,301,466</u>	<u>\$ 302,186</u>	<u>\$ 1,603,652</u>
Accounts Receivable:			
Taxpayers	\$ 1,755,782	\$ 4,029	\$ 1,759,811
Other Governments	551,365	3	551,368
Vendors	981,123	---	981,123
Customers	20,840	197,464	218,304
Other	758,441	916	759,357
	<u>4,067,551</u>	<u>202,412</u>	<u>4,269,963</u>
Accounts Receivable			
	4,067,551	202,412	4,269,963
Amounts not expected to be collected	<u>(1,528,800)</u>	<u>---</u>	<u>(1,528,800)</u>
Accounts Receivable, net	<u>\$ 2,538,751</u>	<u>\$ 202,412</u>	<u>\$ 2,741,163</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 15 – Interfund Assets and Liabilities**

A summary of interfund assets and liabilities at June 30, 2005, is shown below (in thousands of dollars):

	Due From Other Funds, Component Units, and Primary Government				
	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road Fund
Due To Other Funds, Component Units, and Primary Government					
General Fund	\$ ---	\$ 6	\$ 1	\$ 47	\$ 3,848
Public Education	1	---	---	---	---
Conservation and Environmental Protection	20	---	---	---	14
Transportation and Law Enforcement	---	---	---	---	202
State Road Fund	---	---	3	---	---
Non-Major Governmental Funds	43	---	---	---	---
State Lottery	---	19,023	---	---	---
Petroleum Storage Tank	---	---	---	---	---
Non-Major Enterprise Funds	---	---	1	---	---
Internal Service Funds	---	2	4	---	---
Fiduciary Funds	1	11	---	---	---
Non-Major Component Units	---	---	654	---	1,168
Totals	\$ 65	\$ 19,042	\$ 663	\$ 47	\$ 5,232

**Continues Below**

	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Non-Major Component Units	Totals
Due To Other Funds, Component Units, and Primary Government						
General Fund	\$ 50	\$ 16	\$ 4,380	\$ 22,767	\$ ---	\$ 31,115
Public Education	100	---	39	143	---	283
Conservation and Environmental Protection	---	17	207	1,108	---	1,366
Transportation and Law Enforcement	35	---	180	104	---	521
State Road Fund	---	1	283	---	8,655	8,942
Non-Major Governmental Funds	39	1	471	947	---	1,501
State Lottery	---	---	40	98	---	19,161
Petroleum Storage Tank	---	---	3	18	---	21
Non-Major Enterprise Funds	---	---	62	582	---	645
Internal Service Funds	4	3	69	517	---	599
Fiduciary Funds	---	---	12,701	8,491	---	21,204
Non-Major Component Units	---	---	---	1	1,690	3,513
Totals	\$ 228	\$ 38	\$ 18,435	\$ 34,776	\$ 10,345	\$ 88,871

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 15 – Interfund Assets and Liabilities (cont.)**

	<u>Advance From Other Funds, Component Units, and Primary Government</u>			
	<u>General Fund</u>	<u>State Road Fund</u>	<u>Non-Major Component Units</u>	<u>Totals</u>
<u>Advance To Other Funds, Component Units, and Primary Government</u>				
Conservation and Environmental Protection	\$ ---	\$ ---	\$ 3,570	\$ 3,570
State Road Fund	---	---	7,942	7,942
Fiduciary Funds	61,607	---	---	61,607
Non-Major Component Units	---	38,265	6,000	44,265
Totals	<u>\$ 61,607</u>	<u>\$ 38,265</u>	<u>\$ 17,512</u>	<u>\$ 117,384</u>

The loans from the component units were for the construction of additional state highways. Loans from the Unclaimed Property Fund were to provide resources for cash flow requirements.

During the consolidation process for the Government-Wide Combined Statement of Net Assets, interfund payables and receivables were eliminated as follows: Governmental activities in the amount of \$10,049,000 and Component Units in the amount of \$1,690,000.

Advances between non-major component units of \$6,000,000 have been eliminated on the Government-Wide Combined Statement of Net Assets.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 16 – Interfund Transfers**

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2005 were as follows (in thousands of dollars):

<b>Transfers In:</b>					
	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road Fund
<b>Transfers Out:</b>					
General Fund	\$ ---	\$ 2,383,556	\$ ---	\$ 6,441	\$ ---
Public Education	2,500	---	---	---	---
Conservation and Environmental Protection	585	---	---	---	---
Transportation and Law Enforcement	4	---	---	---	136,487
Non-Major Governmental Funds	81,018	38,620	4,634	---	---
State Lottery	---	219,094	---	---	---
Petroleum Storage Tank	---	---	---	---	---
Non-Major Enterprise Funds	40	---	---	---	---
Internal Service Funds	---	---	---	---	---
Fiduciary Funds	19,401	---	---	---	---
<b>Totals</b>	<b>\$ 103,548</b>	<b>\$ 2,641,270</b>	<b>\$ 4,634</b>	<b>\$ 6,441</b>	<b>\$ 136,487</b>

**Continues Below**

	Non-Major Governmental Funds	Non-Major Enterprise Funds	Fiduciary Funds	Non-Major Component Units	Totals
<b>Transfers Out:</b>					
General Fund	\$ 136,856	\$ ---	\$ 1,401	\$ 21	\$ 2,528,275
Public Education	2	---	---	---	2,502
Conservation and Environmental Protection	993	---	---	---	1,578
Transportation and Law Enforcement	4	---	5,998	---	142,493
Non-Major Governmental Funds	31,440	12,000	---	---	167,712
State Lottery	---	---	---	---	219,094
Petroleum Storage Tank	8	---	---	---	8
Non-Major Enterprise Funds	17	---	---	---	57
Internal Service Funds	5	---	---	---	5
Fiduciary Funds	900	---	---	---	20,301
<b>Totals</b>	<b>\$ 170,225</b>	<b>\$ 12,000</b>	<b>\$ 7,399</b>	<b>\$ 21</b>	<b>\$ 3,082,025</b>

Principal reasons for interfund transfers include:

- moving general revenue funds to support elementary and secondary education
- moving State Lottery funds to support elementary and secondary education
- moving general revenue funds to support social assistance programs reported in non-major governmental funds
- moving funds related to the construction of capital assets.

During fiscal year 2005, unusual transfers of \$12.0 million from capital projects funds to Missouri Veterans' Homes, a non-major enterprise fund, occurred to pay for operations.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 17 – Restatements**

During fiscal year 2005, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund categories (in thousands of dollars):

	June 30, 2004 Fund Balance/ Net Assets Previously Reported	Prior Period Adjustments	June 30, 2004 Fund Balance/ Net Assets Restated
<b>GOVERNMENTAL FUNDS</b>			
<b>Major Governmental Funds</b>			
General Fund	\$ 1,175,353	\$ (248)	\$ 1,175,105
Conservation and Environmental Protection	939,203	64	939,267
Transportation and Law Enforcement	132,382	1	132,383
<b>Non-Major Governmental Funds</b>			
Special Revenue	246,532	2,082	248,614
<b>PROPRIETARY FUNDS</b>			
<b>Non-Major Proprietary Funds</b>			
Enterprise	55,142	(13,723)	41,419
Internal Service	418,438	4,964	423,402
<b>FIDUCIARY FUNDS</b>			
Pension (and Other Employee Benefit) Trust	8,311,875	(9,386)	8,302,489
Private-Purpose Trust	2,389	(5)	2,384
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>			
Colleges and Universities	3,785,734	(150,758)	3,634,976
Non-Major Funds	139,676	6,213	145,889

**Breakdown of restatements by type:**

- General Fund, the restatement was a decrease to cash of \$253,000 and a decrease to accounts payable of \$5,000.
- Conservation and environmental protection, the restatement was a decrease to deferred revenue of \$64,000.
- Transportation and law enforcement, the restatement was a decrease to accounts payable of \$1,000.
- Non-major special revenue funds, the restatement was an increase to investments of \$2,082,000.
- Non-major enterprise funds, the restatement was an increase to inventory of \$302,000 and a decrease to capital assets (net of accumulated depreciation) of \$14,025,000.
- Internal service funds, the restatement was a decrease to accounts receivable of \$454,000, an increase to capital assets (net of accumulated depreciation) of \$1,691,000, a decrease to accounts payable of \$3,108,000, a decrease to accrued payroll of \$170,000, and a decrease to compensated absences of \$449,000.
- Pension (and other employee benefit) trust funds, the restatement was a decrease to investments of \$9,386,000.
- Private-purpose trust funds, the restatement was a decrease to investments of \$5,000.
- Colleges and universities, the restatement was a decrease to receivables of \$46,669,000, a decrease to deposits and prepaid expenses of \$9,313,000, a decrease to capital assets (net of accumulated depreciation) of \$107,662,000, an increase to accounts payable and accrued liabilities of \$2,076,000, and a decrease to deferred revenues of \$14,962,000.
- Non-major component units, the restatement was a decrease to receivables of \$36,000, a decrease to investments of \$1,000, a decrease to payables of \$1,000, and a decrease to deferred revenue of \$6,249,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 17 – Restatements (cont.)**

**Purposes for restatements:**

The items on the schedule were restated as a result of additional information received this year related to prior year corrections. The deferred revenue restatement for non-major component units was to correct past year amounts previously reported as deferred revenue, which related to receivables. Deferred revenue relating to receivables should only be reported for governmental funds, since that is the only fund type under the modified accrual basis of accounting.

On the Government-Wide Statement of Activities, net assets for governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, capital assets and other long-term assets held in governmental funds increased by \$115,379,000. Long-term liabilities held in governmental funds decreased by \$61,748,000.

**Note 18 – Fund Deficit**

The following funds had deficit balances:

Enterprise Fund – Unemployment Compensation – At June 30, 2005, this fund had a net asset deficit of \$64,755,000. The deficit was \$83,025,000 at June 30, 2004. This deficit occurred when revenue from employers' state unemployment contributions were not sufficient to cover the cost of unemployment benefits paid. In order to continue paying unemployment benefits, the fund borrowed from the U.S. Treasury (in 2004) as allowed by Title XII of the Social Security Act. The fund's Title XII liability was \$288,557,000 on June 30, 2005. Legislation passed during the 2004 legislative session and signed by the Governor, House Bills 1268 and 1211, increased employer contributions into the fund and authorized the refinancing of this liability through the issuance of debt instruments. On June 29, 2005, the Governor applied for avoidance of FUTA credit reduction pursuant to 20 CFR 606.24. As stipulated in the avoidance application, a \$50.3 million payment by the State was made on October 9, 2005, bringing the outstanding Title XII debt to \$238,257,000. The United States Department of Labor approved the application and payment, and will continue to give the FUTA tax credits to the state's employers.

Enterprise Fund – Petroleum Storage Tank – At June 30, 2005, this fund had a net asset deficit of \$60,290,000. The deficit at June 30, 2004 was \$61,236,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will be closed on December 31, 2010, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the general assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the petroleum storage tank fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Enterprise Fund – Missouri Veterans' Homes – At June 30, 2005, this fund had a net asset deficit of \$429,000. The restated deficit at June 30, 2004 was \$96,000. The deficit occurred due to rising medical costs, along with salary and overtime expenses needed to meet federal staffing requirements in the veterans' homes. Per Section 313.835, RSMo, the Veterans' Commission Capital Improvement Trust Fund is authorized to make fund transfers to the Missouri Veterans' Home Fund as necessary to maintain solvency. The current situation is being monitored closely by the Department of Public Safety. Possible solutions include cost containment of medical costs, increased general revenue funding, and increased funding from the federal government. A last resort may involve higher charges to residents.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 18 – Fund Deficit (cont.)**

Internal Service Fund – Transportation Self-Insurance Plan – At June 30, 2005, this fund had a net asset deficit of \$5,194,000. This deficit was \$3,143,000 at June 30, 2004. The deficit occurred when revenue from insurance premiums were not sufficient to cover the cost of claims. The self-insurance plan is subject to annual actuarial review which is done on a calendar year basis. An actuarial study was completed in July 2005. The fiscal year 2006 appropriations were based on the 2004 actuarial study and budget availability. Increases in appropriations should eliminate the deficit over time.

Component Unit – Missouri Highway 63 Transportation Corporation – At June 30, 2005, the transportation corporation had a net asset deficit of \$61,000. This deficit was \$87,000 at June 30, 2004. This deficit initially occurred because the corporation was established during fiscal year 2003 and incurred one-time start up expenses. According to the Missouri Highway 63 Transportation Corporation's audited financial statements, the City of Kirksville has agreed to fund any corporation net asset deficits.

**Note 19 – Related Party Transactions**

The Missouri State Public Employees' Deferred Compensation Plan is administered by the Public Employees Benefit Services Corporation of Missouri (PEBSCO) under a contract for a term ending December 31, 2005. PEBSCO is a wholly-owned subsidiary of Nationwide Corporation of Columbus, Ohio. Nationwide Life Insurance Company, one of the guaranteed fixed annuity and variable annuity underwriters for the Plan, is also a subsidiary of Nationwide Corporation. At December 31, 2004, total investments of the Plan were \$934,330,000 and investments in Nationwide Life Insurance Company were \$831,511,000.

**Note 20 – Commitments**

**Contracts**

The Department of Conservation had contracts outstanding of \$1,064,000 for land acquisition and \$7,961,000 for construction contracts at June 30, 2005. These contracts are funded through the special revenue funds from specific sales tax, fees and permits.

The Department of Transportation had long-term contracts of \$918,791,000 outstanding at June 30, 2005. These contracts are paid from capital projects funds with approximately 61.64% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2005, of \$53,372,000. Approximately 48% will be paid from the General Fund, 2% from special revenue funds, 48% from capital projects funds, 1% from enterprise funds, and 1% from internal service funds.

The Department of Elementary and Secondary Education has desegregation payments outstanding of \$55 million at June 30, 2005. These payments are due to the St. Louis Public School District based upon Court Order L(266)99 approving the 1999 settlement agreement requiring annual payments. The payments are as follows:

July 1, 2005	\$13 million
July 1, 2006	\$12 million
July 1, 2007	\$11 million
July 1, 2008	\$10 million
July 1, 2009	\$ 9 million

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 20 – Commitments (cont.)**

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provided a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2005 was \$367,000. Payment of principal and interest must be completed by the end of a 50 year period beginning from the date of the contract (March 1988).

The Department of Natural Resources – State Parks had contracts outstanding of \$142,000 for land acquisition and \$396,000 for construction contracts at June 30, 2005. These contracts are funded through enterprise funds, with the exception of \$16,000 in construction contracts to be funded through special revenue funds.

As of June 30, 2005, the University of Missouri has outstanding commitments for the acquisition, usage, and ongoing support of certain software for its patient clinical systems totaling \$21,180,000. The payments are as follows:

2006	\$ 4,351,000
2007	\$ 3,960,000
2008–2011	\$12,869,000

**Note 21 – Risk Management and Insurance**

The State is exposed to various risks of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. The State assumes its own liability for risks except for the purchase of surety bond, aircraft, and boiler coverage. The State Office of Administration (OA), Risk Management Unit, self-insures its workers' compensation program for all state employees, with the exception of the Missouri Department of Transportation (MoDOT) and the State Highway Patrol. Liability insurance is also provided by OA-Risk Management, pursuant to State statute, through the State's legal expense fund, which is a component of the General Fund for CAFR purposes. This insurance covers all state employees.

The workers' compensation and legal expense fund claims liability is based upon actual claims that have been submitted to OA-Risk Management. IBNR (incurred but not reported) liability is not included since workers' compensation and liability insurance claims are reported timely, and therefore any potential IBNR liability amount would be considered immaterial. The State has not had any insurance settlements exceed the coverage during the past three fiscal years. OA-Risk Management also procures property insurance for 3% of the total values of the State's property with the remainder uninsured. The buildings that are insured are mainly the buildings backed with bonded debt through the Board of Public Buildings.

The Transportation Self-Insurance Plan covers workers compensation for employees of MoDOT and the State Highway Patrol, and covers vehicle liability, general liability, inverse condemnation, and contractor tort liability insurance for the employees of MoDOT. The Transportation Self-Insurance Plan is presented as an Internal Service Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims from data provided by an actuary. Liabilities are reported at their discounted value, assuming an investment yield of 4%.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 21 – Risk Management and Insurance (cont.)**

The Missouri Consolidated Health Care Plan (MCHCP) provides health care insurance to all state employees, except for MoDOT, the State Highway Patrol, and the Department of Conservation. The Plan is presented as an Internal Service Fund. Estimated claims payable is based on known medical claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The Highway Employees' and Highway Patrol Insurance Plan (HEHPIP) accounts for the medical coverage provided on a self-insured basis and life insurance benefits, underwritten by a commercial insurance company, for employees of MoDOT and the State Highway Patrol. The Plan is presented as an Internal Service Fund. Estimated claims payable is based on known insurance claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The Conservation Employees' Insurance Plan (CEIP) provides health care and life insurance to employees of the Department of Conservation. The Plan is presented as an Internal Service Fund. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims.

The Petroleum Storage Tank Insurance Fund (PSTIF) has claims liability for the cost of contamination cleanup for policyholders and other eligible site owners who have submitted notice of a contamination. The PSTIF is presented as a major enterprise fund.

The University of Missouri System provides workers' compensation, liability, and medical insurance for its employees. The University funds this through a combination of self-insurance and commercially purchased insurance. The amount of coverage is based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The claims liability is the present value of the claims, using discounted rates ranging between 3% and 4% based on future investment yields. The University of Missouri System is included with colleges and universities as a major component unit of the State.

Changes in the balances of claims liability (in thousands of dollars) during the current and prior fiscal years are as follows:

<u>Governmental Activities</u>	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2004	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2005
OA Workers Compensation	Workers Comp.	\$ 9,735	\$ 24,154	\$ (20,517)	\$ 13,372
OA Legal Expense Fund	Liability	1,341	518	(614)	1,245
MoDOT Self-Insurance Plan	Workers Comp. and Liability	39,948	20,406	(14,427)	45,927
MCHCP	Health Care	14,451	178,077	(155,821)	36,707
HEHPIP	Health Care and Life Insurance	8,250	73,999	(73,130)	9,119
CEIP	Health Care and Life Insurance	2,186	7,959	(7,597)	2,548
Total Governmental Activities		<u>\$ 75,911</u>	<u>\$ 305,113</u>	<u>\$ (272,106)</u>	<u>\$ 108,918</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 113,666</u>	<u>\$ 20,774</u>	<u>\$ (13,386)</u>	<u>\$ 121,054</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	<u>\$ 68,996</u>	<u>\$ 155,415</u>	<u>\$ (146,221)</u>	<u>\$ 78,190</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

**Note 21 – Risk Management and Insurance (cont.)**

<u>Governmental Activities</u>	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2003	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2004
OA Workers Compensation	Workers Comp.	\$ 11,877	\$ 18,962	\$ (21,104)	\$ 9,735
OA Legal Expense Fund	Liability	627	1,172	(458)	1,341
MoDOT Self-Insurance Plan	Workers Comp. and Liability	37,388	14,426	(11,866)	39,948
MCHCP	Health Care	9,635	95,146	(90,330)	14,451
HEHPIP	Health Care and Life Insurance	8,866	60,673	(61,289)	8,250
CEIP	Health Care and Life Insurance	2,124	8,787	(8,725)	2,186
Total Governmental Activities		<u>\$ 70,517</u>	<u>\$ 199,166</u>	<u>\$ (193,772)</u>	<u>\$ 75,911</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 119,990</u>	<u>\$ 7,418</u>	<u>\$ (13,742)</u>	<u>\$ 113,666</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	<u>\$ 58,275</u>	<u>\$ 137,746</u>	<u>\$ (127,025)</u>	<u>\$ 68,996</u>

**Risk Management Pool:**

The State of Missouri participates in the property program of the Midwestern Higher Education Compact (MHEC) as defined in Section 173.700, RSMo. This program was formed to expand coverage, reduce costs, and stabilize property insurance rates over extended time periods at higher education institutions in all member states. The program offers loss limit coverage tailored to individual institutions as well as self-insured retention by institution. The MHEC Risk Management Oversight Committee directs the major operations of the program overseeing the development of program policies, premium allocations, new program memberships, and selection of program administrators and insurance underwriters.

**Note 22 – Landfill Closure and Postclosure**

The State does not own any municipal solid waste landfills (MSWLF), however in the event the owner/operator refuses or is unable to properly maintain the landfill, the owner/operator forfeits the required financial assurance instrument(s) to fund closure and/or post-closure maintenance activities.

Each landfill owner/operator is required to obtain a financial assurance instrument, which is held by the State as security in the case of a default or forfeiture. Financial assurance instruments can include financial guarantee or performance bonds, letters of credit, insurance policies, corporate guarantees, contracts of obligations, trust funds, and escrow accounts. At June 30, 2005, the Missouri Department of Natural Resources, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$259,265,000. This amount is disclosed, but not reported by the State in the financial statements because these instruments do not meet all the necessary fiduciary fund criteria for reporting assets held in a trustee capacity on behalf of a third party.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 22 – Landfill Closure and Postclosure (cont.)**

At June 30, 2005, ten MSWLFs and two waste tire facilities have defaulted. The owners/operators failed to properly close or maintain post-closure care for these facilities, so the State took possession of the forfeited financial assurance instruments to initiate the closure or post-closure activities as required by Missouri Revised Statutes Chapter 260, Section 228. The State will monitor and pay post-closure care costs of these facilities for the next 30 years in accordance with Missouri Department of Natural Resources Solid Waste Management Law and Regulations. At June 30, 2005, it is expected that \$917,000 will be paid over the remaining monitoring periods. This is the amount of fund balance that has been reserved on the general fund balance sheet for landfill closure and post-closure care costs.

**Note 23 – Contingencies**

Contingent claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities of governmental funds are reported as a reconciling item to the Government-Wide Statement of Net Assets. Expenditures are recognized as payments are made.

At June 30, 2005, the amount of the contingent liabilities was \$118 million. Changes in the reported liability since June 30, 2004, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2004-2005	\$ 141,031	\$ (17,119)	\$ (6,236)	\$ 117,676
2003-2004 *	99,280	55,673	(13,922)	141,031
2002-2003 *	219,322	(107,619)	(12,423)	99,280

\*Restated to move items to *Note 21* – Risk Management and Insurance.

RSMo 287.220.6 requires that an actuarial study of the Second Injury Fund be made every three years to determine the solvency of the Fund. Figures presented below for current year claims and changes in estimates are based on the 2001 and 2004 actuarial studies. At June 30, 2005, the amount of liabilities for the Second Injury Fund was \$854 million. Changes in the reported liability since June 30, 2004, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2004-2005	\$ 749,600	\$ 168,124	\$ (63,390)	\$ 854,334
2003-2004	201,128	605,454	(56,982)	749,600
2002-2003	242,596	8,741	(50,209)	201,128

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, would be immaterial in the next fiscal year.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 23 – Contingencies (cont.)**

**Loan Guarantees:**

The State appropriates money to the Missouri Development Finance Board for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Board makes the payment for default from state appropriations. The total loans outstanding at June 30, 2005, for which the Board has guaranteed payment is \$391,000. During 2005, no loans defaulted.

The State appropriates money to the Agricultural and Small Business Development Authority for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Authority makes the payment for default from State appropriations. The Authority administers the Single-Purpose Animal Facilities Loan Program and the Value Added Loan Guarantee Program, which provides a 50% first-loss guarantee on loans up to \$250,000. This is an increase from fiscal year 2004 when only 25% of the loan was guaranteed. The total of loans outstanding at June 30, 2005, for which the Authority has guaranteed payment is \$2,972,000 and \$1,216,000, respectively. There were no loan default payments for the Value Added Loan Guarantee Program, however the Authority did make payments in the amount of \$21,000 for defaults in the Single-Purpose Animal Facilities Loan Program.

**Sales Tax Lawsuits:**

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859). The Administrative Hearing Commission ruled that Southwestern Bell Telephone Company was entitled to a refund of sales and use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. This decision is on appeal to the Supreme Court. Refunds to Southwestern Bell and other related companies could adversely affect the State's General Revenue Fund by \$87 million.

The State is also involved in Sales Tax litigation not included in the fiscal year 2005 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$11.8 million.

**Education Lawsuits:**

Two education lawsuits are pending; Board of Education of the City of St. Louis and Voluntary Interdistrict Choice Corporation (VICC) vs. the State of Missouri and the Missouri State Board of Education (Case No. 034-00284), filed in the Circuit Court of St. Louis City, and Committee for Educational Equality, et al vs. the State of Missouri, et al (Case No. 04CV323022), filed in the Circuit Court of Cole County. Decisions in these cases may require additional state money or a revision to the current school aid formula.

**Note 24 – Joint Ventures**

The Regional Convention and Sports Complex Authority was created by state law for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a board of commissioners of whom five are appointed by the Governor of the State, three by the County Executive of St. Louis County, and three by the Mayor of the City of St. Louis. The Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the facility.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 24 – Joint Ventures (cont.)**

The Authority is considered a joint venture of the State, County and City because it constitutes a contractual agreement for public benefit in which the State, County and City retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B) and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C Refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds. In August 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project and Refunding Bonds, Series A 2003 to refund \$2,845,000 and \$113,170,000 of Series A 1991 and Series A 1993 Refunding Bonds, respectively, and for additional construction costs.

Pursuant to a financing agreement entered into in August 1991, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, County and City under the financing agreement are sufficient to pay the principal and interest on the bonds. See *Note 12* for more information on the 1991, 1993, and 2003 Series A Bonds sponsored by the State.

Summary financial information for the Authority as of, and for the fiscal year ended December 31, 2004, is presented below (in thousands of dollars):

Total Assets	\$ 314,905
Total Liabilities	\$ 219,111
Total Net Assets	95,794
Total Liabilities and Net Assets	\$ 314,905
Total Revenues	\$ 25,517
Total Expenses	26,766
Net Decrease in Net Assets	\$ (1,249)

Copies of the Authority's financial statements can be requested from:

St. Louis Regional Convention  
and Sports Complex Authority  
901 North Broadway  
St. Louis, Missouri 63101

**Note 25 – Endowments**

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a discretely presented component unit of the State. The net appreciation of the endowments available for expenditure is \$26,851,000, and of this amount, \$24,486,000 is reported as restricted non-expendable net assets and \$2,365,000 is reported as restricted expendable net assets. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in RSMo 402.035. These policies are entity specific and vary with each institution.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**

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**Note 26 – Conduit Debt**

As of June 30, 2005, the Missouri Development Finance Board issued \$714,327,000 in Single Issue Industrial Revenue Bonds, \$58,810,000 in Private Activity Composite Industrial Revenue Bonds, and \$1,073,593,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2005, were approximately \$413,318,000, \$1,680,000, and \$555,128,000, respectively.

The Missouri Development Finance Board and the State have no liability for repayment of these revenue bonds and funding notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded as a liability on the financial statements for the Missouri Development Finance Board. The debtor pays all debt service requirements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

**Note 27– Subsequent Events**

**Lincoln University**

On September 29, 2005, the University issued \$9,800,000 of insured Auxiliary System Revenue Bonds, Series 2005. These bonds bear interest, payable semiannually, at rates of 3.0% to 4.1% and are due in semiannual installments beginning December 1, 2005. Principal maturities will begin June 1, 2007, and continue until 2021.

**Missouri Department of Transportation**

On July 1, 2005, the Department issued \$278,660,000 of First Lien State Road Bonds, Series A 2005. These bonds are callable and bear interest, payable semiannually, at rates of 2.5% to 5% and are due in semiannual installments beginning May 1, 2006.

On July 1, 2005, the Department issued \$72,000,000 of Multimodal Third Lien State Road Bonds, Series B 2005. These bonds bear interest at a variable rate and are due May 1, 2015.

**Missouri Development Finance Board**

On November 1, 2005, the Board issued \$28,995,000 of Leasehold Revenue Bonds, Series 2005. These bonds bear interest, payable semiannually, beginning April 1, 2006.

**University of Missouri**

On July 1, 2005, the University sold \$80,000,000 of capital project notes at an effective interest rate of 2.6%. The notes will be repaid in full by June 30, 2006.

**Missouri Southern State University**

On July 6, 2005, the University issued \$3,630,000 of Series 2005 B bonds. These bonds bear interest, payable semiannually, at rates of 3.0% to 4.0% beginning October 1, 2005.

**Harris–Stowe State College**

On August 23, 2005, the College issued \$15,000,000 of Student Housing Facilities Revenue Bonds, Series 2005. These bonds bear interest, payable monthly, beginning October 1, 2005.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

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**Note 27- Subsequent Events (cont.)**

Deferred Compensation Funds

On December 12, 2005, the Missouri Deferred Compensation Commission awarded the third-party administrator (TPA) contract to CitiStreet and the Fixed Annuity contract to ING Life Insurance and Annuity Company, effective June 1, 2006. A transfer of funds to the new fixed annuity will be automatically handled by CitiStreet who replaces PEBSO as the TPA. The Fixed Annuity Plan will now own the securities in the account and will receive 100% of the income from those securities less a fixed fee of 0.9%. CitiStreet is a joint venture between Citigroup and State Street Corporation and has become the fastest growing TPA in the government market.



***Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Fund Categories, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.***

STATE OF MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	General				Public Education				Conservation and Environmental Protection				Transportation and Law Enforcement			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,212,093	\$ 1,212,093	\$ 1,212,093	\$ ---	\$ 183,995	\$ 183,995	\$ 183,995	\$ ---	\$ 412,190	\$ 412,190	\$ 412,190	\$ ---	\$ 53,501	\$ 53,501	\$ 53,501	\$ ---
Resources (Inflows):																
Taxes:																
Sales and Use	1,893,256	1,899,047	1,957,694	58,647	696,976	696,976	717,076	20,100	169,403	169,403	173,743	4,340	50,108	50,108	51,332	1,224
Individual Income	4,699,971	4,714,349	4,859,939	145,590	6,347	6,347	6,530	183	---	---	---	---	---	---	---	---
Corporate Income	342,725	343,774	354,390	10,616	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance	160,034	160,523	165,481	4,958	---	---	---	---	---	---	---	---	---	---	---	---
Beer	7,903	7,927	8,172	245	---	---	---	---	---	---	---	---	---	---	---	---
Liquor	18,375	18,432	19,001	569	---	---	---	---	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	73,768	73,768	75,895	2,127	---	---	---	---	---	---	---	---
Fuel	6	6	6	---	---	---	---	---	---	---	---	---	733,757	733,757	751,690	17,933
Corporation Franchise	115,515	115,868	119,446	3,578	---	---	---	---	---	---	---	---	---	---	---	---
Inheritance	40,832	40,957	42,222	1,265	---	---	---	---	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	850,463	853,064	879,409	26,345	265,242	265,242	272,892	7,650	155	155	158	3	2,734	2,734	2,801	67
Total Taxes	8,129,080	8,153,947	8,405,760	251,813	1,042,333	1,042,333	1,072,393	30,060	169,558	169,558	173,901	4,343	786,599	786,599	805,823	19,224
Licenses, Fees and Permits	72,817	73,037	75,235	2,198	2,256	2,256	2,321	65	71,068	71,068	72,888	1,820	170,520	170,520	174,687	4,167
Sales	2,112	2,118	2,183	65	---	---	---	---	7,067	7,067	7,248	181	5,065	5,065	5,188	123
Leases and Rentals	147	148	152	4	---	---	---	---	101	101	103	2	101	101	104	3
Services	182,303	182,603	182,725	122	---	---	---	---	---	---	---	---	---	---	---	---
Contributions and																
Intergovernmental	6,414,743	6,418,216	6,270,860	(147,356)	54,310	54,310	55,876	1,566	52,637	52,637	53,985	1,348	1,866	1,866	1,912	46
Interest	28,395	28,477	29,268	791	3,135	3,135	3,225	90	8,000	8,000	8,205	205	1,845	1,845	1,890	45
Penalties and Unclaimed Property	1,788	1,793	1,839	46	1,654	1,654	1,702	48	1,810	1,810	1,857	47	437	437	448	11
Cost Reimbursement/																
Miscellaneous	538,090	538,336	524,996	(13,340)	27,774	27,774	28,575	801	67,674	67,674	69,408	1,734	1,223	1,223	1,254	31
Transfers In	230,741	252,041	171,737	(80,304)	2,623,745	2,644,764	2,640,464	(4,300)	56,141	56,685	4,666	(52,019)	5,220	7,908	6,453	(1,455)
Total Resources (Inflows)	15,600,216	15,650,716	15,664,755	14,039	3,755,207	3,776,226	3,804,556	28,330	434,056	434,600	392,261	(42,339)	972,876	975,564	997,759	22,195
Amount Available for Appropriation	16,812,309	16,862,809	16,876,848	14,039	3,939,202	3,960,221	3,988,551	28,330	846,246	846,790	804,451	(42,339)	1,026,377	1,029,065	1,051,260	22,195
Charges to Appropriations (Outflows):																
Current:																
General Government	1,673,009	1,686,831	1,431,229	255,602	612	636	175	461	1,981	3,031	2,726	305	56,478	57,037	56,380	657
Education	2,055,045	2,036,872	1,898,073	138,799	3,765,673	3,766,997	3,728,225	38,772	---	---	---	---	---	---	---	---
Natural and Economic																
Resources	274,511	288,176	228,803	59,373	26,006	26,006	16,485	9,521	310,056	439,525	194,717	244,808	---	---	---	---
Transportation and Law																
Enforcement	179,191	204,845	132,963	71,882	5	5	---	5	315	315	215	100	567,834	579,145	543,629	35,516
Human Services	8,801,083	9,151,714	8,705,522	446,192	22,977	21,341	20,806	535	437	437	221	216	---	---	---	---
Capital Outlay	96,100	107,153	79,625	27,528	6,242	6,223	6,154	69	38,673	54,848	24,546	30,302	17,893	18,246	17,145	1,101
Debt Service	57,802	57,535	50,164	7,371	---	---	---	---	---	---	---	---	41	42	39	3
Intergovernmental	297,945	336,587	225,691	110,896	45	46	13	33	249,862	353,892	156,944	196,948	196,040	198,032	195,493	2,539
Transfers Out	3,153,115	3,166,692	3,117,773	48,919	6,260	6,780	5,792	988	42,191	44,819	39,890	4,929	240,174	235,071	174,363	60,708
Total Charges to																
Appropriations	16,587,801	17,036,405	15,869,843	1,166,562	3,827,820	3,828,034	3,777,650	50,384	643,515	896,867	419,259	477,608	1,078,460	1,087,573	987,049	100,524
Ending Budgetary Fund Balance	\$ 224,508	\$ (173,596)	\$ 1,007,005	\$ 1,180,601	\$ 111,382	\$ 132,187	\$ 210,901	\$ 78,714	\$ 202,731	\$ (50,077)	\$ 385,192	\$ 435,269	\$ (52,083)	\$ (58,508)	\$ 64,211	\$ 122,719
Reconciling Items:																
Reclassifying Cash Equivalents as Investments			(715,444)				(149,607)				(298,818)				(45,958)	
Investments at Fair Value			736,092				151,075				297,491				48,229	
Receivables			1,611,236				55,320				625,713				134,828	
Due from Other Funds			65				19,042				9				47	
Due from Component Units			---				---				654				---	
Inventory			23,626				46				624				4,407	
Advance to Component Units			---				---				3,570				---	
Accounts Payable			(878,903)				(37,786)				(3,493)				(4,946)	
Accrued Payroll			(56,044)				(489)				(4,916)				(4,903)	
Due to Other Funds			(31,115)				(283)				(1,366)				(521)	
Deferred Revenue			(730,443)				(18,288)				(13,533)				(745)	
Advance from Other Funds			(61,607)				---				---				---	
Fund Balance – GAAP Basis			\$ 904,468				\$ 229,931				\$ 991,127				\$ 194,649	

**STATE OF MISSOURI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**  
**June 30, 2005**

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The Budgetary Comparison Schedule in Required Supplementary Information (RSI) presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for the General Fund, and the major special revenue funds. The major special revenue fund categories presented for the State of Missouri are: public education, conservation and environmental protection, and transportation and law enforcement. The General Fund is composed of two fund categories, general and federal. The State Road Fund is a major capital projects fund, but must be presented on a separate schedule in Supplementary Information.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis where "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2005, has been presented at the bottom of the Budgetary Comparison Schedule shown on the previous pages of RSI and includes data presented, on this basis, for the fiscal year, and for adjustments made in the one-month lapse period, July 1 through July 31.

The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://www.oa.mo.gov/acct/AAR>. The "original budget" expenditures and transfers are for what was originally appropriated for each fund. The "final budget" expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less what was re-appropriated to the next fiscal year less the Governor's amounts reverted (withheld) for each fund.

On the Budgetary Comparison Schedule, "original" and "revised" budget revenues are equal for all funds except the State's General Revenue Fund. Once a year the Office of Administration-Division of Budget and Planning receives budgeted revenues from state agencies for each of their funds as well as a revised revenue estimate in the spring for the State's General Revenue Fund. The revised revenue estimate is used in the "final budget" column for the General Fund and is very comparable to actual revenue resulting in a small positive variance on this Schedule.

In accordance with state statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund, therefore variances between "budgeted" and "actual" expenditures and transfers on the budgetary schedule will always be positive. The variance amounts in RSI this year are large for the general fund due to agency-imposed withholding or "reverted" amounts not being taken into account on this schedule. "Reverted" amounts are Governor withheld funds, which an agency does not have the authority to spend.

Non-major governmental funds with an annual appropriated budget are also required to have budgetary comparisons with similar information to the RSI schedule with the exception of the original budget data, which is not required under GASB Statement 34. Therefore the following fund categories have budget to actual statements provided in the Supplementary Information section of CAFR: special revenue, debt service, and permanent funds.

Budgetary comparisons are not included for non-major capital projects funds. These funds are funded by bond proceeds or grants for various projects that require several years to complete. Generally, the bond authorization or grant is appropriated in total the first year even though the bond sales or grant receipts are received over a period of years as required by the projects. Therefore, these funds do not have annual budgets and their budget data is not comparable to the actual data for the fiscal year.



*Supplementary Information includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (State Road), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.*

STATE OF MISSOURI  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR CAPITAL PROJECT FUND  
STATE ROAD FUND  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	State Road			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Beginning Budgetary Fund Balance	\$ 389,874	\$ 389,874	\$ 389,874	\$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	139,595	139,595	131,573	(8,022)
Fuel	240	240	101	(139)
Total Taxes	139,835	139,835	131,674	(8,161)
Licenses, Fees and Permits	98,527	98,527	104,134	5,607
Contributions and Intergovernmental	856,034	856,034	775,119	(80,915)
Interest	5,655	5,655	7,934	2,279
Cost Reimbursment/Miscellaneous	101,548	101,548	74,769	(26,779)
Transfers In	121,886	136,487	136,487	---
Total Resources (Inflows)	1,323,485	1,338,086	1,230,117	(107,969)
Amount Available for Appropriation	1,713,359	1,727,960	1,619,991	(107,969)
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	277,842	290,628	284,493	6,135
Capital Outlay	824,539	862,483	844,274	18,209
Debt Service	76,288	76,285	76,285	---
Intergovernmental	93,224	97,514	95,455	2,059
Total Charges to Appropriations	1,271,893	1,326,910	1,300,507	26,403
Ending Budgetary Fund Balance	\$ 441,466	\$ 401,050	\$ 319,484	\$ (81,566)
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(276,193)	
Investments at Fair Value			273,869	
Receivables			56,873	
Due from Other Funds			4,064	
Due from Component Units			1,168	
Inventories			35,030	
Advance to Component Units			7,942	
Accounts Payable			(101,782)	
Accrued Payroll			(15,656)	
Due to Other Funds			(287)	
Due to Component Units			(8,655)	
Deferred Revenue			(26,383)	
Advance from Component Units			(38,265)	
Fund Balance – GAAP Basis			\$ 231,209	



## *The Combining and Individual Fund Statements and Schedules*

### **Major Funds**

**General Fund** – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

### **Non-Major Funds**

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the “major fund” classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital project funds.

## **General Fund:**

### **General:**

**General Revenue** – All moneys received by the State unless required by statute or constitutional provision to be deposited elsewhere in a specifically named fund.

**Budget Reserve** – Moneys used when there are revenue shortfalls that require the Governor to reduce expenditures of agencies below the level of their appropriations or when there is a financial need due to a disaster.

**Uncompensated Care** – Accounts for moneys used for the non-federal share of uncompensated care and other services under the Title XIX Medicaid Program.

**Department of Health Interagency Payments** – Accounts for reimbursed moneys to be used for program disbursements.

**Facilities Maintenance Reserve** – General Revenue moneys to be used for maintaining, repairing and renovating State facilities.

**Intergovernmental Transfers** – Moneys from publicly owned nursing facilities to be used for Medicaid and other related charges.

**Federal Reimbursement Allowance** – Moneys received for payment of Title XIX services.

**Pharmacy Reimbursement Allowance** – Tax moneys received from retail pharmacies to be used for funding payments under the Medicaid fee-for-service and managed care programs.

**Title XIX–Patient Placement – General Revenue** – Moneys received from the federal government to be used for medical assistance to eligible recipients pursuant to Title XIX.

**State Treasurer’s General Operations** – Accounts for moneys received to pay for responsibilities of the state treasurer.

**Child Support Enforcement Collections** – Moneys received from individuals to be used for the expenditures of the Division of Child Support Enforcement.

**Missouri Technology Investment** – Moneys received from various sources to be used for technology development programs.

**Missouri Water Development** – General Revenue moneys to be used to purchase water supply storage.

**General Revenue Reimbursements** – Federal moneys received by the Department of Mental Health and the Department of Social Services to be used by the Department of Mental Health as appropriated.

**Missouri Humanities Council Trust** – Moneys from various sources to be used for promotion of the humanities.

**Nursing Facility Federal Reimbursement Allowance** – Tax moneys used for expenditures of nursing facilities.

**Post Closure** – Moneys from forfeited collateral to be used for costs related to closure and post closure activities of landfills.

**Attorney General’s Court Cost** – General Revenue moneys to be used for the payment of court costs.

**Attorney General’s Anti-Trust** – General Revenue moneys to be used for expenses related to anti-trust activities.

**State Elections Subsidy** – Appropriated moneys to be used for payment of advance election costs.

**State Legal Expense** – General Revenue, Transportation and Conservation moneys to be used for claims against state departments or employees.

**General Fund – Federal:** Accounts for moneys received or reimbursed by the federal government to cover costs of federally funded grants and programs. Each program or grant has its own fund to account for its operations as follows:

*Vocational Rehabilitation – Federal*  
*Elementary and Secondary Education –*  
*Federal and Other*  
*General Assembly – Federal*  
*Division of Youth Services –*  
*Federal and Other*  
*Office of the State Public Defender –*  
*Federal and Other*  
*Pharmacy Rebates*  
*State Auditor – Federal*  
*Department of Higher Education – Federal*  
*Department of Labor and Industrial*  
*Relations – Commission on Human*  
*Rights – Federal*  
*Department of Economic Development –*  
*Community Development Block Grant*  
*(Passthrough)*  
*Department of Economic Development –*  
*Women’s Council – Federal*  
*Third Party Liability Collections*  
*Department of Public Safety – Juvenile*  
*Accountability Incentive Block Grant*  
*Department of Labor and Industrial*  
*Relations Administrative*  
*Department of Economic Development –*  
*Community Development Block Grant*  
*(Administration)*  
*Multimodal Operations – Federal*  
*Department of Elementary and Secondary*  
*Education – Medicaid*  
*Department of Economic Development –*  
*Federal and Other*  
*Department of Corrections – Federal*  
*Department of Revenue – Federal*  
*Department of Agriculture –*  
*Federal and Other*  
*Office of Administration – Federal and Other*  
*Attorney General – Federal and Other*  
*Supreme Court – Federal and Other*  
*Department of Economic Development –*  
*Missouri Council of the Arts –*  
*Federal and Other*  
*Department of Natural Resources –*  
*Federal and Other*

*Department of Economic Development –*  
*Management Information Systems –*  
*Federal and Other*  
*Department of Health – Federal*  
*State Emergency Management –*  
*Federal and Other*  
*Mental Health Intergovernmental Transfer*  
*Department of Mental Health – Federal*  
*Department of Transportation –*  
*Highway Safety*  
*Secretary of State Records – Federal*  
*Department of Public Safety – Federal*  
*Division of Aging – Federal and Other*  
*Homeland Security*  
*Job Development and Training*  
*Department of Social Services – Federal and Other*  
*Election Administration Improvement*  
*Title XIX – Federal*  
*Division of Family Services Donations*  
*Division of Aging Donations*  
*Medicaid Fraud Reimbursements*  
*Revenue Sharing Trust*  
*Missouri Veterans Commission – Federal*  
*MCSAP/Division of Transportation – Federal*  
*Division of Labor Standards – Federal*  
*Governor’s Committee on Employment of the*  
*Handicapped – Federal*  
*Federal and Other*  
*Adjutant General – Federal*  
*Department of Labor and Industrial Relations –*  
*Crime Victims – Federal*  
*Federal – MDI*  
*Federal Drug Seizure*  
*Secretary of State – Federal*  
*Community Service Commission – Federal and Other*  
*Temporary Assistance for Needy Families – Federal*  
*Division of Family Services – Administrative*  
*Missouri Disaster*  
*Abandoned Mined Reclamation*  
*Unemployment Compensation Administration*

**STATE OF MISSOURI  
BALANCE SHEET  
GENERAL FUND  
June 30, 2005  
(In Thousands of Dollars)**

	General Fund		Totals
	General	Federal	June 30, 2005
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 244,651	\$ 46,910	\$ 291,561
Investments	620,041	116,051	736,092
Accounts Receivable, Net	1,031,980	571,387	1,603,367
Interest Receivable	7,523	346	7,869
Due from other funds	4	61	65
Inventories	22,508	1,118	23,626
Total Assets	<u>\$ 1,926,707</u>	<u>\$ 735,873</u>	<u>\$ 2,662,580</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 385,820	\$ 493,083	\$ 878,903
Accrued Payroll	42,667	13,377	56,044
Due to Other Funds	19,991	11,124	31,115
Deferred Revenue	629,065	101,378	730,443
Advance from Other Funds	61,607	---	61,607
Total Liabilities	<u>1,139,150</u>	<u>618,962</u>	<u>1,758,112</u>
Fund Balances:			
Reserved for:			
Budget Reserve	464,405	---	464,405
Inventories	22,508	1,118	23,626
Future Distribution	83,449	---	83,449
Forfeited Assets	917	---	917
Taxes	5,164	---	5,164
Unreserved	211,114	115,793	326,907
Total Fund Balances	<u>787,557</u>	<u>116,911</u>	<u>904,468</u>
Total Liabilities and Fund Balances	<u>\$ 1,926,707</u>	<u>\$ 735,873</u>	<u>\$ 2,662,580</u>

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2005
<b>Revenues:</b>				
Taxes	\$ 7,340,540	\$ 6	\$ ---	\$ 7,340,546
Licenses, Fees and Permits	70,998	815	---	71,813
Sales	2,566	31	---	2,597
Leases and Rentals	2,021	---	---	2,021
Services	102,017	79,877	---	181,894
Contributions and Intergovernmental	1,172,742	5,838,405	---	7,011,147
Investment Earnings:				
Net Increase in the Fair				
Value of Investments	808	102	---	910
Interest	29,598	1,426	---	31,024
Penalties and Unclaimed Properties	1,648	57	---	1,705
Cost Reimbursement/Miscellaneous	69,736	112,330	---	182,066
Total Revenues	8,792,674	6,033,049	---	14,825,723
<b>Expenditures:</b>				
Current:				
General Government	394,673	15,975	---	410,648
Education	1,041,212	897,553	---	1,938,765
Natural and Economic Resources	42,489	214,103	---	256,592
Transportation and Law Enforcement	60,413	89,822	---	150,235
Human Services	4,917,109	4,630,871	---	9,547,980
Capital Outlay:				
Current Expenditures	40,438	38,384	---	78,822
Capital Lease Purchases	7,944	144	---	8,088
Debt Service:				
Principal	27,204	840	---	28,044
Interest	32,634	1,072	---	33,706
Intergovernmental	84,529	145,148	---	229,677
Total Expenditures	6,648,645	6,033,912	---	12,682,557
Excess Revenues (Expenditures)	2,144,029	(863)	---	2,143,166
<b>Other Financing Sources (Uses):</b>				
Proceeds from Capital Leases	7,944	144	---	8,088
Transfers In	171,258	10,415	(78,125)	103,548
Transfers Out	(2,536,958)	(69,442)	78,125	(2,528,275)
Total Other Financing				
Sources (Uses)	(2,357,756)	(58,883)	---	(2,416,639)
Net Change in Fund Balances	(213,727)	(59,746)	---	(273,473)
Fund Balances – Beginning	998,342	176,763	---	1,175,105
Increase (Decrease) in Reserve for Inventory	2,942	(106)	---	2,836
Fund Balances – Ending	\$ 787,557	\$ 116,911	\$ ---	\$ 904,468

STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
June 30, 2005  
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2005
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 72,716	\$ 19,917	\$ 20,520	\$ 422	\$ 113,575
Investments	192,181	85,325	82,906	47,403	407,815
Accounts Receivable, Net	10,358	---	---	---	10,358
Interest Receivable	930	670	820	3	2,423
Due from Other Funds	228	---	---	---	228
Inventories	543	---	---	---	543
Loans Receivable	615	---	---	---	615
Total Assets	<u>\$ 277,571</u>	<u>\$ 105,912</u>	<u>\$ 104,246</u>	<u>\$ 47,828</u>	<u>\$ 535,557</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 7,416	\$ ---	\$ 18	\$ ---	\$ 7,434
Accrued Payroll	3,043	---	41	---	3,084
Due to Other Funds	1,317	---	184	---	1,501
Deferred Revenue	3,829	311	380	1	4,521
Total Liabilities	<u>15,605</u>	<u>311</u>	<u>623</u>	<u>1</u>	<u>16,540</u>
Fund Balances:					
Reserved for Inventories	543	---	---	---	543
Reserved for Debt Service	---	105,601	---	---	105,601
Reserved for Loans Receivable	615	---	---	---	615
Reserved for Trust Principal	---	---	---	47,740	47,740
Unreserved	260,808	---	103,623	87	364,518
Total Fund Balances	<u>261,966</u>	<u>105,601</u>	<u>103,623</u>	<u>47,827</u>	<u>519,017</u>
Total Liabilities and Fund Balances	<u>\$ 277,571</u>	<u>\$ 105,912</u>	<u>\$ 104,246</u>	<u>\$ 47,828</u>	<u>\$ 535,557</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

					Totals
	Special Revenue	Debt Service	Capital Projects	Permanent	June 30, 2005
<b>Revenues:</b>					
Taxes	\$ 156,042	\$ ---	\$ ---	\$ ---	\$ 156,042
Licenses, Fees and Permits	153,637	---	---	---	153,637
Sales	1,454	---	---	---	1,454
Services	218	---	---	---	218
Contributions and Intergovernmental	13,503	---	156	---	13,659
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	302	(138)	346	1,904	2,414
Interest	17,337	2,008	3,090	16	22,451
Penalties and Unclaimed Properties	19,875	---	---	169	20,044
Cost Reimbursement/Miscellaneous	171,380	---	1	---	171,381
<b>Total Revenues</b>	<b>533,748</b>	<b>1,870</b>	<b>3,593</b>	<b>2,089</b>	<b>541,300</b>
<b>Expenditures:</b>					
Current:					
General Government	32,633	---	45,281	---	77,914
Education	2,424	---	3	---	2,427
Natural and Economic Resources	195,245	---	7	---	195,252
Transportation and Law Enforcement	30,276	---	2,848	---	33,124
Human Services	158,425	---	224	5	158,654
Capital Outlay:					
Current Expenditures	7,366	---	24,026	---	31,392
Capital Lease Purchases	129	---	---	---	129
Debt Service:					
Principal	490	55,560	---	---	56,050
Interest	277	39,588	---	---	39,865
Underwriter's Discount	---	326	---	---	326
Intergovernmental	1,119	---	16,163	---	17,282
<b>Total Expenditures</b>	<b>428,384</b>	<b>95,474</b>	<b>88,552</b>	<b>5</b>	<b>612,415</b>
Excess Revenues (Expenditures)	105,364	(93,604)	(84,959)	2,084	(71,115)
<b>Other Financing Sources (Uses):</b>					
Issuance of Refunding Bonds	---	157,605	---	---	157,605
Payments to Refunded Bonds					
Escrow Agent	---	(175,553)	---	---	(175,553)
Bond Premium	---	18,274	---	---	18,274
Proceeds from Capital Leases	129	---	---	---	129
Transfers In	59,047	101,278	9,000	900	170,225
Transfers Out	(151,078)	---	(16,634)	---	(167,712)
<b>Total Other Financing     Sources (Uses)</b>	<b>(91,902)</b>	<b>101,604</b>	<b>(7,634)</b>	<b>900</b>	<b>2,968</b>
Net Change in Fund Balances	13,462	8,000	(92,593)	2,984	(68,147)
Fund Balances – Beginning	248,614	97,601	196,216	44,843	587,274
Decrease in Reserve for Inventory	(110)	---	---	---	(110)
Fund Balances – Ending	<b>\$ 261,966</b>	<b>\$ 105,601</b>	<b>\$ 103,623</b>	<b>\$ 47,827</b>	<b>\$ 519,017</b>



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

## **Non-Major Special Revenue Funds:**

**Professional Registration:** Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

<i>Hearing Instrument Specialist</i>	<i>Board of Pharmacy</i>
<i>State Committee of Interpreters</i>	<i>Missouri Real Estate Commission</i>
<i>Board of Geologist Registration</i>	<i>Veterinary Medical Board</i>
<i>Missouri Commission for the Deaf</i>	<i>Committee of Professional Counselors</i>
<i>Board of Certification of Interpreters</i>	<i>Dental Board</i>
<i>Real Estate Appraisers</i>	<i>State Board of Architects, Engineers and Land Surveyors</i>
<i>Clinical Social Workers</i>	<i>Athletic</i>
<i>State Committee of Psychologists</i>	<i>Athletic Agent</i>
<i>Board of Accountancy</i>	<i>Marital and Family Therapists'</i>
<i>Board of Barber Examiners</i>	<i>Respiratory Care Practitioners</i>
<i>State Board of Podiatric Medicine</i>	<i>Board of Occupational Therapy</i>
<i>Board of Chiropractic Examiners</i>	<i>Dietitian</i>
<i>Board of Cosmetology</i>	<i>Interior Designer Council</i>
<i>Board of Embalmers and Funeral Directors</i>	<i>Acupuncturist</i>
<i>Board of Registration for Healing Arts</i>	<i>Tattoo</i>
<i>Board of Nursing</i>	<i>Massage Therapy</i>
<i>Board of Optometry</i>	

**Judicial Protection and Assistance:** Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

*Missouri Crime Prevention Information and Programming* – Accounts for moneys from various sources to be used by local government/school district partnerships to operate crime prevention programs.

*Statewide Court Automation* – Accounts for additional court costs assessed in certain cases. Moneys are used for a statewide court automation system.

*Missouri CASA* – Accounts for money to be used for Court Appointed Special Advocate (CASA) Programs.

*State Forensic Laboratory* – Accounts for moneys used to defray costs of registered laboratories.

*Services to Victims* – Accounts for fees assessed as costs in criminal cases. Moneys are used to provide services to victims of crimes.

*Tort Victims' Compensation* – Accounts for a portion of any final judgment awarding punitive damages after the deduction of attorneys' fees and expenses.

*Merchandising Practices Revolving* – Accounts for general revenues and moneys required to be deposited in this fund. These moneys are used to pay costs incurred by the Attorney General in cases concerning merchandising practices.

*Legal Defense and Defender* – Accounts for moneys from services rendered. The moneys are used for training public defenders and for other lawful expenses as authorized by the Public Defender Commission.

*Criminal Record System* – Accounts for fees collected from federal and non-state agencies for administering criminal history record information and fingerprint searches.

*Missouri Office of Prosecution Services* – Accounts for fees assessed as costs in most criminal proceedings. These moneys are used to assist the prosecuting attorneys throughout the State in their efforts against criminal activity.

*Crime Victims' Compensation* – Accounts for fees assessed as costs against a convicted criminal. These moneys are used to compensate victims of crime.

*Drug Court Resources* – Accounts for moneys available for distribution by the Drug Courts Coordinating Commission to the various drug courts operating within the State.

*Legal Services for Low Income People* – Accounts for moneys to be used to provide legal services for individuals with low income.

*Investors Restitution* – Accounts for fines collected relating to securities fraud to be used to reimburse the victims of the fraudulent acts.

*Basic Civic Legal Services* – Accounts for filing fees received on civil and criminal court cases to be disbursed to State legal services organizations that provide legal representation to low-income individuals.

*Attorney General Trust Fund* – Accounts for moneys received from court settlements to be paid to entities or individuals.

*Child Labor Enforcement* – Accounts for moneys to be used for investigations and enforcement of child labor laws.

*Inmate Incarceration Reimbursement Act Revolving* – Accounts for moneys collected for reimbursement of the expenses of the State for the cost of care of offenders.

*State Courts Administration Revolving* – Accounts for moneys received for registration fees, grants, or other sources to be used to provide training and purchase goods and services related to the training and education of court personnel.

*Criminal Justice Network and Technology Revolving* – Accounts for moneys to be used for the procurement of telecommunications and computer equipment, services, and software associated with connection to the criminal justice network.

*Missouri Office of Prosecution Services Revolving* – Accounts for moneys received by or on behalf of the Missouri Office of Prosecution Services.

*Judiciary Education and Training* – Accounts for fees collected to be used for training and education of judicial personnel.

*Fine Collections Center Interest Revolving* – Accounts for interest moneys to be used for goods and services related to the administration of the judicial system by the judicial branch.

**Agriculture and State Fair:** Provides for inspections of products, market development and awards for competition at the State fair.

*Animal Health Laboratory Fee* – Accounts for laboratory fees to be used to defray expenses of diagnosing animal disease.

*Animal Care Reserve* – Accounts for fees from businesses engaged in breeding, selling and caring for cats and dogs to be used to administer the Animal Care Program.

*Livestock Brands* – Accounts for fees collected for brand applications, transfer of brand ownership and maintenance of brands. The fees are used by the Division of Animal Health for program administration.

*Commodity Council Merchandising* – Accounts for fees imposed under the Commodity Merchandising Program for the use and benefit of the commodity councils.

*Missouri Qualified Fuel Ethanol Producer Incentive* – Accounts for moneys used to provide subsidies to Missouri qualified fuel ethanol producers.

*Aquaculture Marketing Development* – Accounts for fees collected on fish food purchased by commercial producers and used for the marketing of fish and fish products.

*Livestock Sales and Markets Fees* – Accounts for license fees collected for the licensing of livestock sales and markets used for the benefit of the Division of Animal Health.

*Missouri Breeders* – Accounts for moneys received for horse racing application and handling fees.

*Apple Merchandising* – Accounts for fees imposed on apples grown in the State which are sold for consumption. These moneys are used only for the costs of administering and enforcing laws concerning apple merchandising.

*Livestock Dealer Law Enforcement and Administration* – Accounts for penalties assessed for violations of the "Missouri Livestock Dealer Law" and is used for the benefit of the Division of Animal Health.

*Milk Inspection Fees* – Accounts for fees received from State milk inspections and is used to pay the costs of performing this inspection.

*Grain Inspection Fees* – Accounts for fees received for providing grain inspection services and is used to pay the cost of providing this service.

*Marketing Development* – Accounts for moneys received by the Department of Agriculture from any source to be spent for marketing development only.

*Organic Production and Certification Fee* – Accounts for fees collected for certification or participation in organic farming to be used by the Department of Agriculture to develop standards and labeling for organic farming purposes.

*Missouri Qualified Biodiesel Producer Incentive* – Accounts for moneys appropriated from funds other than general revenue funds to provide economic subsidies to Missouri qualified biodiesel producers.

*Boll Weevil Suppression and Eradication* – Accounts for moneys for a sound program of eradication and suppression of the boll weevil.

*Missouri Wine Marketing and Research Development* – Accounts for pro rata charges to commercial grape producers in Missouri to be used for enology research, education, and marketing of wine produced in Missouri.

*Agriculture Development* – Accounts for assets from the Federal Secretary of Agriculture and earnings from those assets to be used for agricultural development in accordance with a written agreement with the U.S. Department of Agriculture.

*State Fair Trust* – Accounts for moneys received as gifts, grants, legacies or devises to be used as prizes to the winners of five-gaited saddle horse stakes at the State fair.

**Social Assistance:** Provides financial, health and other services to qualifying individuals.

*Utilicare Stabilization* – Moneys from various sources to be used for financial assistance of heating and cooling costs for the needy.

*Motorcycle Safety Trust* – Accounts for fees collected from persons who violate laws relating to motorcycles or cause accidents involving motorcycles.

*Compulsive Gamblers* – Accounts for moneys received from cities and counties that have licensed excursion gambling boats. These moneys are used to provide services for compulsive gamblers and their families.

*Missouri Housing Trust* – Accounts for moneys received from any source to be used for loans or grants for assistance to low-income families.

*Health Initiatives* – Accounts for additional taxes on cigarettes and other moneys to fund health care incentives and other programs.

*Health Access Incentive* – Accounts for moneys appropriated and received by law to be used to implement a program to provide incentives in exchange for location of health providers who agree to serve all persons in need of health services regardless of ability to pay.

*Mental Health Housing Trust* – Accounts for moneys received from the sale of surplus real property formerly used by the Department of Mental Health. Moneys are used for the construction or renovation of Mental Health Centers, or to finance the rental, purchase, construction or renovation of community based housing for clients.

*Family Support Loan Program* – Accounts for moneys appropriated to be used for low interest, short-term loans to families having a member with a developmental disability.

*Independent Living Center* – Accounts for fees received from persons convicted of or pleading guilty to a drug-related or an intoxicated-related traffic offense. Moneys are used to establish and maintain independent living centers for persons with disabilities.

*Mental Health Earnings* – Accounts for fees assessed on individuals due to alcohol and drug-related traffic offenses. Moneys are used to develop and certify alcohol related traffic offender programs and provide rehabilitation services to persons unable to pay.

*Division of Aging Elderly Home Delivered Meals Trust* – Accounts for moneys contributed by taxpayers and other designated moneys to be used in preparing and delivering meals to elderly persons.

*Missouri Public Health Services* – Accounts for fees collected for health purposes.

*Part C Early Intervention System Fund* – To fund the Infant and Toddler Program, Part C of the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. Section 1431, et seq.

*Deaf Relay Service and Equipment Distribution Program* – Accounts for fees collected to fund a program that provides a telecommunications device for the deaf to transmit messages over basic telephone lines.

*Veterans' Trust* – Accounts for moneys contributed by taxpayers, grants, gifts, bequests, federal sources or other sources to be used for the benefit of the State's veterans.

*Medical School Loan and Loan Repayment Program* – Accounts for moneys used to pay the principal, interest and related costs of government and commercial loans on behalf of individuals working in a specified area of need.

*Children's Service Commission* – Accounts for gifts and grants from various sources to be spent for children's services as provided by law.

*Handicapped Children's Trust* – Accounts for grants, gifts, donations, or bequests to be spent as requested by the donor of the handicapped children.

*Blind Pension* – Accounts for State property tax moneys used to provide a pension to certain blind people.

*Healthy Families Trust Funds* – To account for moneys received from the Tobacco Settlement.

*Department of Health – Donated* – Accounts for moneys received from donations and spent for various health programs.

*Children's Trust* – Accounts for grants or gifts from any source used to establish programs to prevent or alleviate child abuse or neglect.

*ADA Compliance* – Accounts for moneys from various funds to be used for projects to comply with the Americans with Disabilities Act.

*Head Injury* – Accounts for fees, grants, donations, and other moneys designated for the Head Injury Fund. Moneys are spent by the Head Advisory Council to help support individuals with traumatic head injury and their families by providing a wide range of services.

*Missouri Commission for the Deaf and Hard of Hearing* – Accounts for fees and contributions received by the Commission to provide goods and services to government entities or the public.

*Coordinating Board for Early Childhood* – Accounts for moneys received for expenses of the Coordinating Board for Early Childhood.

*Infection Control Advisory Panel* – Accounts for private donations to the Infection Control Advisory Panel for reasonable expenses of the panel.

*Missouri Rx Plan* – Accounts for moneys received for administration of the Missouri Rx Plan.

*Organ Donor Program* – Accounts for moneys used to implement organ donor awareness programs.

*Property Reuse* – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources for direct loans, guarantees and grants to create and preserve jobs, attract and retain businesses, and improve economic welfare.

*Domestic Relations Resolution* – Accounts for moneys received from surcharges and fines for disputes in marriage dissolutions and custody orders. Moneys are used for creating and approving a handbook dealing with divorce and child custody and to reimburse local judicial circuits for the costs associated with the implementation of this act.

*Correctional Substance Abuse Earnings* – Accounts for fees charged to persons required by the court to begin an Educational Assessment and Community Treatment Program. Moneys are used solely for assistance in securing alcohol and drug rehabilitation services.

*Assistive Technology Loan Revolving* – Accounts for appropriated moneys to be used for loans to qualified individuals for the purchase of assistive technology devices and services.

*Blindness Education, Screening and Treatment Program* – Accounts for donated moneys used to provide blindness prevention education, screenings, and treatments for persons not covered under a healthcare benefit plan.

*Childhood Lead Testing* – Accounts for federal or other contributions received to fund childhood lead programs, blood tests to uninsured children, educational materials, and case management.

*Missouri National Guard Trust* – Accounts for moneys received through contributions, gifts, bequests, grants and federal funds to be used for providing military honors at veterans' burials, interments, or memorial services.

*School for the Blind* – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Blind.

*School for the Deaf* – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Deaf.

*Governor's Council on Physical Fitness – Institution Gift Trust* – Accounts for gifts, bequests, or donations to the Governor's Council on Physical Fitness to be spent as requested by the donor.

*Institution Gift Trust* – Accounts for grants, gifts, donations, devises or bequests to various institutions to be spent as requested by the donor.

*Mental Health Trust* – Accounts for moneys to be used for the purpose of carrying out the objects for which the grants, gifts, donations or bequests were made, or for the purposes of funding special projects or purchasing special equipment from escheated moneys.

*Crippled Children's Services* – Accounts for moneys from various sources to be used for costs of crippled children's services.

**Unemployment and Workers' Compensation:** Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

*Workers' Compensation* – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries.

*Workers' Compensation – Second Injury* – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries where permanent disability occurs.

*Special Employment Security – Bond Proceeds* – Accounts for bond proceeds to pay unemployment benefits, maintain adequate balance in the Unemployment Compensation Fund, and to refinance loans from the federal Unemployment Trust Fund.

*Special Employment Security* – Accounts for moneys paid as interest and penalties by the employer for unemployment fees not paid. These moneys are used to pay interest on advances from the federal government and for other costs necessary and proper under the unemployment compensation laws.

**Reimbursements and Other:** Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

*Treasurer's Information* – Accounts for funds received for the preparation, reproduction, or dissemination of information or publications.

*Elevator Safety Board* – Accounts for moneys collected for inspections, permits, licenses and certificates to be used for the operation and expenses of the board.

*Residential Mortgage Licensing* – Accounts for fees set and collected for application fees, investigation of license applicant fees, examination fees, contingent fees, and any other miscellaneous fee.

*Missouri Arts Council Trust* – Accounts for moneys to be used for the administration of the Missouri Arts Council.

*Gaming Commission Bingo* – Accounts for moneys collected for license fees, penalties and administration fees to be used for the administration cost of the commission.

*Secretary of State's Technology Trust* – Accounts for fees received from the issuance of notary commissions to be used for establishing and maintaining a data processing system and other administrative costs for services.

*Missouri National Guard Training Site* – Accounts for fees collected for use of training sites from persons or organizations not connected with the militia. The moneys are used for operating costs of the facilities.

*Nursing Facility Quality of Care* – Accounts for certification fees collected from nursing home facilities to be used for assistance to the facilities and for conducting surveys and inspections.

*Division of Tourism Supplemental Revenue* – Accounts for additional sales tax collected from tourism-oriented goods and services to be used for promotional marketing strategies.

*Business Extension Service Team* – Accounts for moneys used to help Missouri companies in financial difficulty to regain financial stability by a plan developed by a team of knowledgeable and experienced persons.

*Gaming Commission* – Accounts for moneys received from licenses, fees, and permits to be used to fund the administrative costs of the Gaming Commission.

*Mammography* – Accounts for fees collected from licensing of specific sources of ionizing radiation and from other nonrefundable fees collected in connection with mammography authorization to be used for program administration.

*Statutory Revision* – Accounts for moneys received from the sale of the Revised Statutes of Missouri and supplements and from fees for any services rendered by the Committee on Legislative Research. The moneys are used for enhancing or producing the statutes and supplements.

*Division of Credit Unions* – Accounts for moneys assessed on credit unions and used for costs related to their regulation.

*Division of Savings and Loan Supervision* – Accounts for moneys assessed on savings and loan associations and other corporations and used for costs related to their regulation.

*Division of Finance* – Accounts for moneys assessed on banks, trust companies and other corporations and used for costs related to their regulation.

*Insurance Examiners* – Accounts for fees assessed against organizations which are engaged in the business of insurance within the State. The moneys are used for costs incurred by insurance examiners.

*Design and Construction – Donated* – Accounts for donations to be used for the repair, replacement and refurbishing of artwork, statuary work and monuments of historical importance to Missouri.

*Endowed Care Cemetery Audit* – Accounts for fees from the issuance of birth and death certificates. The moneys are used to administer the auditing of endowed care cemetery funds.

*Department of Insurance Dedicated* – Accounts for moneys from licensing, renewals and regulatory fees and used for expenditures of the Department of Insurance.

*International Promotions Revolving* – Accounts for moneys from gifts, contributions, grants and other sources and is used for costs associated with attendance at international trade shows.

*Local Records Preservation* – Accounts for moneys charged and collected for the recording of various deeds and documents and used by the Secretary of State for additional preservation of local records.

*Spinal Cord Injury* – Accounts for moneys to be used to fund research projects that promote an advancement of knowledge in the area of spinal cord injury.

*Manufactured Housing* – Accounts for fees collected for seals or inspection of manufacturing and dealer premises for manufactured homes, recreational vehicles and modular homes.

*Motor Vehicle Commission* – Accounts for fees established by the Missouri Motor Vehicle Commission to pay its operational costs.

*Health Spa Regulatory* – Accounts for health spa registration fees. These moneys are used to administer the regulation of health spas.

*Missouri Main Street Program* – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources to accomplish community and economic revitalization and development of older business districts and neighborhoods.

*Public Service Commission* – Accounts for moneys assessed on public utilities and used for costs related to their regulation.

*Department of Health Document Services* – Accounts for fees collected for publications and used to pay the costs of providing this information.

*Petition Audit Revolving Trust* – Accounts for moneys received and costs incurred as a result of audits petitioned by the requisite percentage of the qualified voters of a subdivision.

*Tourism Marketing* – Accounts for receipts from promotional items and used for the marketing of items which promote and develop tourism in the State.

*Petroleum Inspection* – Accounts for fees collected for inspections of petroleum products and equipment. The fees are used for costs of administering, regulating, testing and inspecting these products and equipment.

*Missouri Senior Rx* – Accounts for moneys collected to be used by the commission for medical assistance to seniors covered under the Missouri Senior Rx program.

*Boiler and Pressure Vessels Safety* – Accounts for licenses, permits, and fees established by the Boiler and Pressure Vessels Safety Board for the purpose of regulating boiler and pressure vessels.

*Korean Conflict Veterans' Recognition Award* – Accounts for moneys to sponsor medallions, medals, and certificates for veterans who served in the Korean Conflict.

*Missouri State Archives – St. Louis Trust* – Accounts for moneys received for copying public records, and for providing public access to public records and images, or other sources.

*Juneteenth Heritage and Jazz Festival* – Accounts for donations for expenses incurred in the Juneteenth celebration.

*Secretary of State's Investor Education* – Accounts for moneys to be used as a source of funding in support of activities related to the Secretary of State's investor education responsibilities.

*State Document Preservation* – Accounts for moneys to be used to preserve State documents and making them available to the public.

*Missouri Supplemental Tax Increment Financing* – Accounts for moneys generated by redevelopment projects and income taxes withheld by jobs created by redevelopment projects to be used to pay loans for the project.

*Premium* – Accounts for moneys received from parents or guardians of uninsured children.

*World War II Memorial Trust* – Accounts for contributions to be used to participate in the funding of the National World War II Memorial.

*Workers Memorial* – Accounts for contributions to be used for a memorial for workers who have been killed or permanently disabled and reimbursement of expenses to committee members.

*Secretary of State Institution Gift Trust* – Accounts for moneys derived from gifts, bequests, or donations to the Secretary of State to carry out the objectives of the gift, bequest, or donation.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2005  
(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2005
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 11,702	\$ 8,532	\$ 1,000	\$ 14,173	\$ 22,932	\$ 14,377	\$ 72,716
Investments	28,852	21,025	5,805	44,608	56,450	35,441	192,181
Accounts Receivable, Net	---	1,424	93	3,874	3,052	1,915	10,358
Interest Receivable	---	81	13	181	450	205	930
Due from Other Funds	---	220	5	---	---	3	228
Inventories	26	1	---	6	---	510	543
Loans Receivable	---	---	615	---	---	---	615
Total Assets	<u>\$ 40,580</u>	<u>\$ 31,283</u>	<u>\$ 7,531</u>	<u>\$ 62,842</u>	<u>\$ 82,884</u>	<u>\$ 52,451</u>	<u>\$ 277,571</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 234	\$ 472	\$ 48	\$ 3,035	\$ 278	\$ 3,349	\$ 7,416
Accrued Payroll	178	310	77	237	425	1,816	3,043
Due to Other Funds	140	174	29	110	240	624	1,317
Deferred Revenue	---	38	2	1,133	2,554	102	3,829
Total Liabilities	<u>552</u>	<u>994</u>	<u>156</u>	<u>4,515</u>	<u>3,497</u>	<u>5,891</u>	<u>15,605</u>
Fund Balances:							
Reserved for:							
Inventories	26	1	---	6	---	510	543
Loans Receivable	---	---	615	---	---	---	615
Unreserved	40,002	30,288	6,760	58,321	79,387	46,050	260,808
Total Fund Balances	<u>40,028</u>	<u>30,289</u>	<u>7,375</u>	<u>58,327</u>	<u>79,387</u>	<u>46,560</u>	<u>261,966</u>
Total Liabilities and Fund Balances	<u>\$ 40,580</u>	<u>\$ 31,283</u>	<u>\$ 7,531</u>	<u>\$ 62,842</u>	<u>\$ 82,884</u>	<u>\$ 52,451</u>	<u>\$ 277,571</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2005
<b>Revenues:</b>							
Taxes	\$ 181	\$ 1	\$ 1,134	\$ 57,566	\$ 97,145	\$ 15	\$ 156,042
Licenses, Fees and Permits	18,714	14,347	4,248	16,278	1	100,049	153,637
Sales	---	1	---	904	1	548	1,454
Services	73	136	---	4	---	5	218
Contributions and Intergovernmental	---	134	7	13,075	---	287	13,503
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	7	18	---	271	(16)	22	302
Interest	---	217	74	922	15,208	916	17,337
Penalties and Unclaimed Properties	368	12,967	---	1,548	3,251	1,741	19,875
Cost Reimbursement/Miscellaneous	17	1,315	110	145,813	212	23,913	171,380
Total Revenues	<u>19,360</u>	<u>29,136</u>	<u>5,573</u>	<u>236,381</u>	<u>115,802</u>	<u>127,496</u>	<u>533,748</u>
<b>Expenditures:</b>							
Current:							
General Government	206	14,525	108	5,485	4,955	7,354	32,633
Education	83	1	11	2,008	33	288	2,424
Natural and Economic Resources	15,216	6,867	10,220	10,257	92,203	60,482	195,245
Transportation and Law Enforcement	---	9,601	5	3,844	22	16,804	30,276
Human Services	5	9	55	133,720	446	24,190	158,425
Capital Outlay:							
Current Expenditures	152	3,742	22	305	716	2,429	7,366
Capital Lease Purchases	---	---	---	---	---	129	129
Debt Service:							
Principal	---	---	---	11	---	479	490
Interest	---	---	---	---	---	277	277
Intergovernmental	---	383	---	22	---	714	1,119
Total Expenditures	<u>15,662</u>	<u>35,128</u>	<u>10,421</u>	<u>155,652</u>	<u>98,375</u>	<u>113,146</u>	<u>428,384</u>
Excess Revenues (Expenditures)	<u>3,698</u>	<u>(5,992)</u>	<u>(4,848)</u>	<u>80,729</u>	<u>17,427</u>	<u>14,350</u>	<u>105,364</u>
<b>Other Financing Sources (Uses):</b>							
Proceeds from Capital Leases	---	---	---	---	---	129	129
Transfers In	34	3,659	5,368	6,059	31	43,896	59,047
Transfers Out	(910)	(7)	(2)	(89,079)	(58)	(61,022)	(151,078)
Total Other Financing Sources (Uses)	<u>(876)</u>	<u>3,652</u>	<u>5,366</u>	<u>(83,020)</u>	<u>(27)</u>	<u>(16,997)</u>	<u>(91,902)</u>
Net Change in Fund Balances	2,822	(2,340)	518	(2,291)	17,400	(2,647)	13,462
Fund Balances – Beginning	37,206	32,631	6,857	60,619	61,987	49,314	248,614
Decrease in Reserve for Inventory	---	(2)	---	(1)	---	(107)	(110)
Fund Balances – Ending	<u>\$ 40,028</u>	<u>\$ 30,289</u>	<u>\$ 7,375</u>	<u>\$ 58,327</u>	<u>\$ 79,387</u>	<u>\$ 46,560</u>	<u>\$ 261,966</u>

STATE OF MISSOURI  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
NON-MAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>												
Taxes:												
Cigarette	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 33,930	\$ 34,388	\$ 458
Liquor	---	---	---	---	---	---	1,164	1,134	(30)	---	---	---
Reimbursement/Miscellaneous	169	181	12	1	1	---	---	---	---	22,932	23,241	309
Total Taxes	169	181	12	1	1	---	1,164	1,134	(30)	56,862	57,629	767
Licenses, Fees and Permits	17,308	18,557	1,249	13,047	14,346	1,299	4,580	4,464	(116)	16,388	16,609	221
Sales	---	---	---	---	---	---	---	---	---	892	904	12
Services	68	73	5	124	136	12	---	---	---	5	5	---
Contributions and Intergovernmental	1	1	---	2,656	2,920	264	2	2	---	12,279	12,445	166
Interest	---	---	---	172	190	18	19	19	---	905	917	12
Penalties and Unclaimed Property	343	368	25	11,603	12,758	1,155	---	---	---	1,513	1,533	20
Cost Reimbursement/Miscellaneous	18	19	1	1,261	1,386	125	369	360	(9)	144,144	146,086	1,942
Total Revenues	17,907	19,199	1,292	28,864	31,737	2,873	6,134	5,979	(155)	232,988	236,128	3,140
<b>Expenditures:</b>												
Current:												
General Government	12	4	8	16,784	13,099	3,685	20	11	9	8,221	5,486	2,735
Education	125	82	43	---	---	---	---	---	---	10,015	2,089	7,926
Natural and Economic Resources	9,346	7,167	2,179	7,589	6,697	892	13,974	9,924	4,050	12,804	9,975	2,829
Transportation and Law Enforcement	---	---	---	14,604	12,300	2,304	5	---	5	5,569	3,496	2,073
Human Services	---	---	---	---	---	---	---	---	---	137,537	128,010	9,527
Capital Outlay	204	156	48	4,674	3,756	918	32	23	9	564	314	250
Debt Service	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental	---	---	---	455	383	72	---	---	---	24	22	2
Total Expenditures	9,687	7,409	2,278	44,106	36,235	7,871	14,031	9,958	4,073	174,734	149,392	25,342
Excess Revenues (Expenditures)	8,220	11,790	3,570	(15,242)	(4,498)	10,744	(7,897)	(3,979)	3,918	58,254	86,736	28,482
<b>Other Financing Sources (Uses):</b>												
Transfers In	214	214	---	3,660	3,660	---	17,166	5,368	(11,798)	6,148	6,059	(89)
Transfers Out	(11,223)	(9,093)	2,130	(2,172)	(1,838)	334	(1,398)	(801)	597	(171,267)	(94,923)	76,344
Total Other Financing Sources (Uses)	(11,009)	(8,879)	2,130	1,488	1,822	334	15,768	4,567	(11,201)	(165,119)	(88,864)	76,255
Net Change in Fund Balances	(2,789)	2,911	5,700	(13,754)	(2,676)	11,078	7,871	588	(7,283)	(106,865)	(2,128)	104,737
Fund Balances – Beginning	31,894	37,737	5,843	14,444	32,301	17,857	451	2,884	2,433	22,783	51,354	28,571
Fund Balances – Ending	\$ 29,105	\$ 40,648	\$ 11,543	\$ 690	\$ 29,625	\$ 28,935	\$ 8,322	\$ 3,472	\$ (4,850)	\$ (84,082)	\$ 49,226	\$ 133,308
<b>Reconciling Items:</b>												
Reclassifying Cash Equivalents as Investments		(28,946)			(21,093)			(2,472)			(35,053)	
Investments at Fair Value		28,852			21,025			5,805			44,608	
Receivables		---			1,505			721			4,055	
Due from Other Funds		---			220			5			---	
Inventories		26			1			---			6	
Accounts Payable		(234)			(472)			(48)			(3,035)	
Accrued Payroll		(178)			(310)			(77)			(237)	
Due to Other Funds		(140)			(174)			(29)			(110)	
Deferred Revenue		---			(38)			(2)			(1,133)	
Fund Balance per GAAP		\$ 40,028			\$ 30,289			\$ 7,375			\$ 58,327	

This schedule is continued on pages 102–103.

	Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>									
Taxes:									
Cigarette	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 33,930	\$ 34,388	\$ 458
Liquor	---	---	---	---	---	---	1,164	1,134	(30)
Reimbursement/Miscellaneous	96,482	97,329	847	1	1	---	119,585	120,753	1,168
Total Taxes	96,482	97,329	847	1	1	---	154,679	156,275	1,596
Licenses, Fees and Permits	1	1	---	97,446	100,252	2,806	148,770	154,229	5,459
Sales	---	---	---	526	541	15	1,418	1,445	27
Services	---	---	---	5	5	---	202	219	17
Contributions and Intergovernmental	1,528	1,542	14	672	692	20	17,138	17,602	464
Interest	14,904	15,035	131	845	869	24	16,845	17,030	185
Penalties and Unclaimed Property	3,223	3,251	28	1,600	1,646	46	18,282	19,556	1,274
Cost Reimbursement/Miscellaneous	296	298	2	23,854	24,541	687	169,942	172,690	2,748
Total Revenues	116,434	117,456	1,022	124,949	128,547	3,598	527,276	539,046	11,770
<b>Expenditures:</b>									
Current:									
General Government	5,260	3,381	1,879	16,216	4,500	11,716	46,513	26,481	20,032
Education	---	---	---	375	273	102	10,515	2,444	8,071
Natural and Economic Resources	92,419	88,473	3,946	67,508	49,610	17,898	203,640	171,846	31,794
Transportation and Law Enforcement	---	---	---	18,270	14,806	3,464	38,448	30,602	7,846
Human Services	144	136	8	37,233	24,475	12,758	174,914	152,621	22,293
Capital Outlay	824	710	114	5,296	2,390	2,906	11,594	7,349	4,245
Debt Service	---	---	---	15	11	4	15	11	4
Intergovernmental	---	---	---	1,544	686	858	2,023	1,091	932
Total Expenditures	98,647	92,700	5,947	146,457	96,751	49,706	487,662	392,445	95,217
Excess Revenues (Expenditures)	17,787	24,756	6,969	(21,508)	31,796	53,304	39,614	146,601	106,987
<b>Other Financing Sources (Uses):</b>									
Transfers In	32	32	---	71,853	43,921	(27,932)	99,073	59,254	(39,819)
Transfers Out	(8,859)	(7,763)	1,096	(85,701)	(77,163)	8,538	(280,620)	(191,581)	89,039
Total Other Financing Sources (Uses)	(8,827)	(7,731)	1,096	(13,848)	(33,242)	(19,394)	(181,547)	(132,327)	49,220
Net Change in Fund Balances	8,960	17,025	8,065	(35,356)	(1,446)	33,910	(141,933)	14,274	156,207
Fund Balances – Beginning	35,730	62,539	26,809	8,896	51,337	42,441	114,198	238,152	123,954
Fund Balances – Ending	\$ 44,690	\$ 79,564	\$ 34,874	\$ (26,460)	\$ 49,891	\$ 76,351	\$ (27,735)	\$ 252,426	\$ 280,161
<b>Reconciling Items:</b>									
Reclassifying Cash Equivalents as Investments		(56,632)			(35,514)			(179,710)	
Investments at Fair Value		56,450			35,441			192,181	
Receivables		3,502			2,120			11,903	
Due from Other Funds		---			3			228	
Inventories		---			510			543	
Accounts Payable		(278)			(3,349)			(7,416)	
Accrued Payroll		(425)			(1,816)			(3,043)	
Due to Other Funds		(240)			(624)			(1,317)	
Deferred Revenue		(2,554)			(102)			(3,829)	
Fund Balance per GAAP		\$ 79,387			\$ 46,560			\$ 261,966	

This schedule is continued from pages 100–101.



*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

## **Debt Service Funds:**

**Water Pollution Control Bond and Interest** – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

**Third State Building Bond Interest and Sinking** – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

**Fourth State Building Bond and Interest** – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

**Stormwater Control Bond and Interest** – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2005  
(In Thousands of Dollars)**

---

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals  June 30, 2005
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,863	\$ 9,594	\$ 2,852	\$ 608	\$ 19,917
Investments	29,403	41,100	12,217	2,605	85,325
Interest Receivable	233	317	100	20	670
Total Assets	<u>\$ 36,499</u>	<u>\$ 51,011</u>	<u>\$ 15,169</u>	<u>\$ 3,233</u>	<u>\$ 105,912</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Deferred Revenue	\$ 108	\$ 147	\$ 47	\$ 9	\$ 311
Total Liabilities	<u>108</u>	<u>147</u>	<u>47</u>	<u>9</u>	<u>311</u>
Fund Balances:					
Reserved for Debt Service	<u>36,391</u>	<u>50,864</u>	<u>15,122</u>	<u>3,224</u>	<u>105,601</u>
Total Fund Balances	<u>36,391</u>	<u>50,864</u>	<u>15,122</u>	<u>3,224</u>	<u>105,601</u>
Total Liabilities and Fund Balances	<u>\$ 36,499</u>	<u>\$ 51,011</u>	<u>\$ 15,169</u>	<u>\$ 3,233</u>	<u>\$ 105,912</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals  June 30, 2005
<b>Revenues:</b>					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	\$ (72)	\$ (65)	\$ 2	\$ (3)	\$ (138)
Interest	676	950	322	60	2,008
Total Revenues	604	885	324	57	1,870
<b>Expenditures:</b>					
Debt Service:					
Principal	13,075	33,930	7,410	1,145	55,560
Interest	14,905	12,603	10,043	2,037	39,588
Underwriter's Discount	197	---	94	35	326
Total Expenditures	28,177	46,533	17,547	3,217	95,474
Excess Expenditures	(27,573)	(45,648)	(17,223)	(3,160)	(93,604)
<b>Other Financing Sources (Uses):</b>					
Issuance of Refunding Bonds	95,100	---	45,330	17,175	157,605
Payments to Refunded Bonds					
Escrow Agent	(105,592)	---	(50,809)	(19,152)	(175,553)
Bond Premium	10,689	---	5,573	2,012	18,274
Transfers In	35,138	49,367	13,650	3,123	101,278
Total Other Financing Sources (Uses)	35,335	49,367	13,744	3,158	101,604
Net Change in Fund Balances	7,762	3,719	(3,479)	(2)	8,000
Fund Balances – Beginning	28,629	47,145	18,601	3,226	97,601
Fund Balances – Ending	<u>\$ 36,391</u>	<u>\$ 50,864</u>	<u>\$ 15,122</u>	<u>\$ 3,224</u>	<u>\$ 105,601</u>

STATE OF MISSOURI  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
DEBT SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:															
Interest	\$ 415	\$ 603	\$ 188	\$ 709	\$ 867	\$ 158	\$ 241	\$ 303	\$ 62	\$ 49	\$ 55	\$ 6	\$ 1,414	\$ 1,828	\$ 414
Total Revenues	415	603	188	709	867	158	241	303	62	49	55	6	1,414	1,828	414
Expenditures:															
Debt Service	27,980	27,980	---	46,533	46,533	---	17,453	17,453	---	3,182	3,182	---	95,148	95,148	---
Total Expenditures	27,980	27,980	---	46,533	46,533	---	17,453	17,453	---	3,182	3,182	---	95,148	95,148	---
Excess Expenditures	(27,565)	(27,377)	188	(45,824)	(45,666)	158	(17,212)	(17,150)	62	(3,133)	(3,127)	6	(93,734)	(93,320)	414
Other Financing Sources:															
Transfers In	35,154	35,138	(16)	49,367	49,367	---	13,650	13,650	---	3,123	3,123	---	101,294	101,278	(16)
Total Other Financing Sources	35,154	35,138	(16)	49,367	49,367	---	13,650	13,650	---	3,123	3,123	---	101,294	101,278	(16)
Net Change in Fund Balances	7,589	7,761	172	3,543	3,701	158	(3,562)	(3,500)	62	(10)	(4)	6	7,560	7,958	398
Fund Balances – Beginning	27,634	28,715	1,081	46,221	47,286	1,065	18,789	18,656	(133)	3,247	3,236	(11)	95,891	97,893	2,002
Fund Balances – Ending	\$ 35,223	\$ 36,476	\$ 1,253	\$ 49,764	\$ 50,987	\$ 1,223	\$ 15,227	\$ 15,156	\$ (71)	\$ 3,237	\$ 3,232	\$ (5)	\$ 103,451	\$ 105,851	\$ 2,400
Reconciling Items:															
Reclassifying Cash Equivalents as Investments		(29,613)			(41,393)			(12,304)			(2,624)			(85,934)	
Investments at Fair Value		29,403			41,100			12,217			2,605			85,325	
Interest Receivable		233			317			100			20			670	
Deferred Revenues		(108)			(147)			(47)			(9)			(311)	
Fund Balances – GAAP Basis		\$ 36,391			\$ 50,864			\$ 15,122			\$ 3,224			\$ 105,601	



*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

### **Non-Major Capital Projects Funds:**

**Veterans' Homes Capital Improvement** – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

**Water Pollution Control** – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

**Fourth State Building** – Accounts for bond sale proceeds to be used for capital improvements of institutions of higher education, the Department of Corrections and the Division of Youth Services.

**Stormwater Control** – Accounts for bond sale proceeds to be used for financing and construction of stormwater control.

**Board of Public Building Revenue Bond** – Accounts for bond sale proceeds to be used for renovating state buildings and structures.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS  
June 30, 2005  
(In Thousands of Dollars)**

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2005
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 2,753	\$ 2,503	\$ 1,588	\$ 3,200	\$ 10,476	\$ 20,520
Investments	6,788	10,724	6,803	13,711	44,880	82,906
Interest Receivable	65	99	53	116	487	820
Total Assets	<u>\$ 9,606</u>	<u>\$ 13,326</u>	<u>\$ 8,444</u>	<u>\$ 17,027</u>	<u>\$ 55,843</u>	<u>\$ 104,246</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 18	\$ ---	\$ ---	\$ ---	\$ ---	\$ 18
Accrued Payroll	41	---	---	---	---	41
Due to Other Funds	26	---	---	---	158	184
Deferred Revenue	30	46	24	54	226	380
Total Liabilities	<u>115</u>	<u>46</u>	<u>24</u>	<u>54</u>	<u>384</u>	<u>623</u>
Fund Balances:						
Unreserved	<u>9,491</u>	<u>13,280</u>	<u>8,420</u>	<u>16,973</u>	<u>55,459</u>	<u>103,623</u>
Total Fund Balances	<u>9,491</u>	<u>13,280</u>	<u>8,420</u>	<u>16,973</u>	<u>55,459</u>	<u>103,623</u>
Total Liabilities and Fund Balances	<u>\$ 9,606</u>	<u>\$ 13,326</u>	<u>\$ 8,444</u>	<u>\$ 17,027</u>	<u>\$ 55,843</u>	<u>\$ 104,246</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2005
<b>Revenues:</b>						
Contributions and Intergovernmental	\$ 156	\$ ---	\$ ---	\$ ---	\$ ---	\$ 156
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	31	59	(7)	12	251	346
Interest	365	390	158	386	1,791	3,090
Cost Reimbursement/ Miscellaneous	---	---	---	---	1	1
<b>Total Revenues</b>	<b>552</b>	<b>449</b>	<b>151</b>	<b>398</b>	<b>2,043</b>	<b>3,593</b>
<b>Expenditures:</b>						
Current:						
General Government	95	---	---	---	45,186	45,281
Education	3	---	---	---	---	3
Natural and Economic Resources	1	---	---	---	6	7
Transportation and Law Enforcement	2,780	---	---	---	68	2,848
Human Services	12	---	6	---	206	224
Capital Outlay:						
Current Expenditures	4,823	---	240	---	18,963	24,026
Intergovernmental	---	9,946	---	6,217	---	16,163
<b>Total Expenditures</b>	<b>7,714</b>	<b>9,946</b>	<b>246</b>	<b>6,217</b>	<b>64,429</b>	<b>88,552</b>
<b>Excess Expenditures</b>	<b>(7,162)</b>	<b>(9,497)</b>	<b>(95)</b>	<b>(5,819)</b>	<b>(62,386)</b>	<b>(84,959)</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	9,000	---	---	---	---	9,000
Transfers Out	(12,000)	(4,634)	---	---	---	(16,634)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,000)</b>	<b>(4,634)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>(7,634)</b>
<b>Net Change in Fund Balances</b>	<b>(10,162)</b>	<b>(14,131)</b>	<b>(95)</b>	<b>(5,819)</b>	<b>(62,386)</b>	<b>(92,593)</b>
<b>Fund Balances – Beginning</b>	<b>19,653</b>	<b>27,411</b>	<b>8,515</b>	<b>22,792</b>	<b>117,845</b>	<b>196,216</b>
<b>Fund Balances – Ending</b>	<b>\$ 9,491</b>	<b>\$ 13,280</b>	<b>\$ 8,420</b>	<b>\$ 16,973</b>	<b>\$ 55,459</b>	<b>\$ 103,623</b>



*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

## **Permanent Funds:**

**Arrow Rock State Historic Site Endowment** – Accounts for moneys transferred from the State Parks Earnings Fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

**Confederate Memorial Park** – Accounts for the income from investments acquired by gifts, donations and bequests to be used for the maintenance of the Confederate Memorial Park.

**State Public School** – Accounts for all moneys, bonds, lands and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

**Smith Memorial Endowment Trust** – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

**Missouri Investment Trust** – Accounts for moneys transferred from the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund, the Johnson-Travis Memorial Trust Fund, and the Secretary of State Wolfner Library Fund to be invested by the Missouri Investment Trust's Board of Trustees.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
PERMANENT FUNDS  
June 30, 2005  
(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2005
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 7	\$ 41	\$ 264	\$ 110	\$ ---	\$ 422
Investments	16	102	23,270	272	23,743	47,403
Interest Receivable	---	1	---	2	---	3
Total Assets	<u>\$ 23</u>	<u>\$ 144</u>	<u>\$ 23,534</u>	<u>\$ 384</u>	<u>\$ 23,743</u>	<u>\$ 47,828</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Deferred Revenue	\$ ---	\$ ---	\$ ---	\$ 1	\$ ---	\$ 1
Total Liabilities	<u>---</u>	<u>---</u>	<u>---</u>	<u>1</u>	<u>---</u>	<u>1</u>
Fund Balances:						
Reserved for Trust Principal	23	75	23,534	365	23,743	47,740
Unreserved	---	69	---	18	---	87
Total Fund Balances	<u>23</u>	<u>144</u>	<u>23,534</u>	<u>383</u>	<u>23,743</u>	<u>47,827</u>
Total Liabilities and Fund Balances	<u>\$ 23</u>	<u>\$ 144</u>	<u>\$ 23,534</u>	<u>\$ 384</u>	<u>\$ 23,743</u>	<u>\$ 47,828</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2005
<b>Revenues:</b>						
Investment Earnings:						
Net Increase in the Fair Value of Investments Interest	\$ --- 1	\$ --- 3	\$ 113 4	\$ --- 8	\$ 1,791 ---	\$ 1,904 16
Penalties and Unclaimed Properties	---	---	169	---	---	169
Total Revenues	1	3	286	8	1,791	2,089
<b>Expenditures:</b>						
Human Services	---	---	---	5	---	5
Total Expenditures	---	---	---	5	---	5
Excess Revenues	1	3	286	3	1,791	2,084
<b>Other Financing Sources:</b>						
Transfers In	---	---	900	---	---	900
Total Other Financing Sources	---	---	900	---	---	900
Net Change in Fund Balances	1	3	1,186	3	1,791	2,984
Fund Balances – Beginning	22	141	22,348	380	21,952	44,843
Fund Balances – Ending	\$ 23	\$ 144	\$ 23,534	\$ 383	\$ 23,743	\$ 47,827

STATE OF MISSOURI  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
ALL APPROPRIATED PERMANENT FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment			Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Interest	\$ ---	\$ 1	\$ 1	\$ 3	\$ 4	\$ 1	\$ ---	\$ 132	\$ 132	\$ 7	\$ 7	\$ ---
Penalties and Unclaimed Property	---	---	---	---	---	---	---	168	168	---	---	---
Cost Reimbursement/Miscellaneous	---	---	---	---	---	---	---	1	1	---	---	---
Total Revenues	---	1	1	3	4	1	---	301	301	7	7	---
Expenditures:												
Human Services	---	---	---	---	---	---	---	---	---	35	5	30
Total Expenditures	---	---	---	---	---	---	---	---	---	35	5	30
Excess Revenues (Expenditures)	---	1	1	3	4	1	---	301	301	(28)	2	30
Other Financing Sources:												
Transfers In	---	---	---	---	---	---	2,500	900	(1,600)	---	---	---
Total Other Financing Sources	---	---	---	---	---	---	2,500	900	(1,600)	---	---	---
Net Change in Fund Balances	---	1	1	3	4	1	2,500	1,201	(1,299)	(28)	2	30
Fund Balances – Beginning	22	22	---	141	141	---	4,530	3,279	(1,251)	363	380	17
Fund Balances – Ending	<u>\$ 22</u>	<u>\$ 23</u>	<u>\$ 1</u>	<u>\$ 144</u>	<u>\$ 145</u>	<u>\$ 1</u>	<u>\$ 7,030</u>	<u>\$ 4,480</u>	<u>\$ (2,550)</u>	<u>\$ 335</u>	<u>\$ 382</u>	<u>\$ 47</u>
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(16)			(104)			(4,216)			(272)	
Investments at Fair Value		16			102			23,270			272	
Interest Receivable		---			1			---			2	
Deferred Revenue		---			---			---			(1)	
Fund Balance – GAAP Basis		<u>\$ 23</u>			<u>\$ 144</u>			<u>\$ 23,534</u>			<u>\$ 383</u>	

Note: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.

This schedule is continued on page 114.

	Totals		
	Budget	Actual	Variance
<b>Revenues:</b>			
Interest	\$ 10	\$ 144	\$ 134
Penalties and Unclaimed Property	---	168	168
Cost Reimbursement/Miscellaneous	---	1	1
Total Revenues	10	313	303
<b>Expenditures:</b>			
Human Services	35	5	30
Total Expenditures	35	5	30
Excess Revenues (Expenditures)	(25)	308	333
<b>Other Financing Sources:</b>			
Transfers In	2,500	900	(1,600)
Total Other Financing Sources	2,500	900	(1,600)
Net Change in Fund Balances	2,475	1,208	(1,267)
Fund Balances – Beginning	5,056	3,822	(1,234)
Fund Balances – Ending	<u>\$ 7,531</u>	<u>\$ 5,030</u>	<u>\$ (2,501)</u>
Reconciling Items:			
Reclassifying Cash Equivalents as Investments		(4,608)	
Investments at Fair Value		23,660	
Interest Receivable		3	
Deferred Revenue		(1)	
Fund Balance – GAAP Basis		<u>\$ 24,084</u>	

Note: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.

This schedule is continued from page 113.



*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

## **Non-Major Enterprise Funds:**

**State Fair Fees** – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the state fair.

**State Parks** – Accounts for park concessions and contributions which are used to acquire and operate state parks.

**Natural Resources Revolving Services** – Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records and other publications and documents.

**Historic Preservation Revolving** – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain or operate any historical properties.

**Missouri Veterans' Homes** – Accounts for fees to provide services for persons confined to one of the veterans' homes.

**State Agency for Surplus Property** – Accounts for the surplus property operation.

**Department of Revenue Information** – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

**STATE OF MISSOURI  
COMBINING STATEMENT OF NET ASSETS  
NON-MAJOR ENTERPRISE FUNDS  
June 30, 2005  
(In Thousands of Dollars)**

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals  June 30, 2005
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 97	\$ 526	\$ 185	\$ 243	\$ 160	\$ 556	\$ 276	\$ 2,043
Investments	238	1,260	457	598	403	1,376	652	4,984
Accounts Receivable, Net	---	3	24	---	199	207	61	494
Interest Receivable	2	---	---	5	10	---	---	17
Due from Other Funds	2	1	35	---	---	---	---	38
Inventories	---	517	447	---	282	342	---	1,588
Prepaid Items	---	---	22	---	---	1	---	23
Loans Receivable	---	---	---	500	---	---	---	500
Noncurrent Assets:								
Assets Held for Resale	---	---	---	115	---	---	---	115
Capital Assets:								
Construction in Progress	---	5,832	---	4	---	---	---	5,836
Land	---	5,395	---	---	---	---	---	5,395
Land Improvements	59	4,552	---	---	38	169	---	4,818
Buildings	3	20,906	---	480	164	161	---	21,714
Equipment	292	9,402	14,871	39	4,899	687	377	30,567
Less Accumulated Depreciation	(243)	(16,030)	(11,922)	(129)	(2,995)	(928)	(355)	(32,602)
Total Capital Assets (Net of Accumulated Depreciation)	111	30,057	2,949	394	2,106	89	22	35,728
Total Assets	450	32,364	4,119	1,855	3,160	2,571	1,011	45,530
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	8	104	21	---	32	16	19	200
Accrued Payroll	33	49	3	2	1,395	23	10	1,515
Due to Other Funds	7	26	27	1	561	18	5	645
Unearned Revenue	---	---	41	---	---	---	---	41
Compensated Absences	2	44	4	1	1,601	55	14	1,721
Noncurrent Liabilities:								
Compensated Absences	---	---	2	---	---	5	---	7
Total Liabilities	50	223	98	4	3,589	117	48	4,129
<b>NET ASSETS</b>								
Invested in Capital Assets, Net of Related Debt	111	30,057	2,949	394	2,106	89	22	35,728
Unrestricted	289	2,084	1,072	1,457	(2,535)	2,365	941	5,673
Total Net Assets	\$ 400	\$ 32,141	\$ 4,021	\$ 1,851	\$ (429)	\$ 2,454	\$ 963	\$ 41,401

STATE OF MISSOURI  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
NON-MAJOR ENTERPRISE FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2005
<b>Operating Revenues:</b>								
Licenses, Fees and Permits	2,762	4,752	21	---	---	---	---	7,535
Sales	---	691	151	3	202	2,549	1,858	5,454
Leases and Rentals	989	1,844	---	---	---	---	---	2,833
Charges for Services	---	---	70	---	21,412	---	---	21,482
Cost Reimbursement/Miscellaneous	---	22	54	---	2	---	---	78
Total Operating Revenues	3,751	7,309	296	3	21,616	2,549	1,858	37,382
<b>Operating Expenses:</b>								
Cost of Goods Sold	---	---	---	---	---	1,078	---	1,078
Personal Service	925	1,167	84	33	43,526	926	603	47,264
Operations	2,530	4,954	670	37	9,215	502	458	18,366
Inventories	3	19	48	---	4,848	10	69	4,997
Specific Programs	24	18	---	---	405	---	---	447
Depreciation	47	1,365	938	12	518	31	22	2,933
Other Charges	165	192	5	---	233	---	42	637
Total Operating Expenses	3,694	7,715	1,745	82	58,745	2,547	1,194	75,722
Operating Income (Loss)	57	(406)	(1,449)	(79)	(37,129)	2	664	(38,340)
<b>Non-Operating Revenues (Expenses):</b>								
Contributions and Intergovernmental	90	257	1,199	---	24,771	---	42	26,359
Investment Earnings:								
Net Increase (Decrease) in the								
Fair Value of Investments	---	7	---	---	3	1	(2)	9
Interest	8	---	---	24	45	44	---	121
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	1
Disposal of Capital Assets	---	---	(2)	(185)	(11)	---	---	(198)
Miscellaneous Revenues	---	---	---	---	---	87	---	87
Total Non-Operating Revenues (Expenses)	98	265	1,197	(161)	24,808	132	40	26,379
Income (Loss) Before Transfers	155	(141)	(252)	(240)	(12,321)	134	704	(11,961)
Transfers In	---	---	---	---	12,000	---	---	12,000
Transfers Out	(1)	(3)	---	---	(12)	(40)	(1)	(57)
Change in Net Assets	154	(144)	(252)	(240)	(333)	94	703	(18)
Total Net Assets - Beginning	246	32,285	4,273	2,091	(96)	2,360	260	41,419
Total Net Assets - Ending	\$ 400	\$ 32,141	\$ 4,021	\$ 1,851	\$ (429)	\$ 2,454	\$ 963	\$ 41,401

**STATE OF MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR ENTERPRISE FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)**

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2005
<b>Cash Flows from Operating Activities:</b>								
Receipts from Customers and Users	\$ 3,751	\$ 7,284	\$ 229	\$ 3	\$ 21,583	\$ 2,514	\$ 1,867	\$ 37,231
Payments to Suppliers	(2,612)	(6,201)	(712)	(36)	(14,997)	(1,863)	(443)	(26,864)
Payments to Employees	(1,030)	(14)	(83)	(33)	(43,192)	(926)	(649)	(45,927)
Payments Made for Program Expense	(24)	(18)	---	---	(405)	---	---	(447)
Other Receipts (Payments)	(165)	(170)	49	---	(231)	---	(42)	(559)
Net Cash Provided (Used) by Operating Activities	(80)	881	(517)	(66)	(37,242)	(275)	733	(36,566)
<b>Cash Flows from Non-Capital Financing Activities:</b>								
Loans Made to Outside Entities	---	---	---	12	---	---	---	12
Due to/from Other Funds	(10)	12	124	1	76	(1)	(14)	188
Contributions and Intergovernmental	90	257	1,199	---	24,771	---	42	26,359
Transfers to/from Other Funds	(1)	(3)	---	---	11,988	(40)	(1)	11,943
Net Cash Provided (Used) by Non-Capital Financing Activities	79	266	1,323	13	36,835	(41)	27	38,502
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Purchases and Construction of Capital Assets	(60)	(3,501)	(583)	(1)	(662)	(7)	---	(4,814)
Disposal of Capital Assets	---	1	(2)	---	---	---	---	(1)
Net Cash Used by Capital and Related Financing Activities	(60)	(3,500)	(585)	(1)	(662)	(7)	---	(4,815)
<b>Cash Flows from Investing Activities:</b>								
Proceeds from Investment Maturities	34	1,635	---	14	713	111	---	2,507
Purchase of Investments	---	---	(163)	---	---	---	(517)	(680)
Interest and Dividends Received	7	---	---	21	40	44	---	112
Penalties and Other Receipts	---	---	---	---	---	87	---	87
Net Cash Provided (Used) by Investing Activities	41	1,635	(163)	35	753	242	(517)	2,026
Net Increase (Decrease) in Cash	(20)	(718)	58	(19)	(316)	(81)	243	(853)
Cash and Cash Equivalents, Beginning of Year	117	1,244	127	262	476	637	33	2,896
Cash and Cash Equivalents, End of Year	<u>\$ 97</u>	<u>\$ 526</u>	<u>\$ 185</u>	<u>\$ 243</u>	<u>\$ 160</u>	<u>\$ 556</u>	<u>\$ 276</u>	<u>\$ 2,043</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ 57	\$ (406)	\$ (1,449)	\$ (79)	\$ (37,129)	\$ 2	\$ 664	\$ (38,340)
Depreciation Expense	47	1,365	938	12	518	31	22	2,933
Changes in Assets and Liabilities:								
Accounts Receivable	---	(3)	(13)	---	(31)	(35)	9	(73)
Inventories	---	(33)	(11)	---	(24)	(109)	69	(108)
Accounts Payable	(79)	(28)	17	---	(910)	(164)	15	(1,149)
Accrued Payroll	(28)	(13)	1	1	203	(2)	(16)	146
Compensated Absences	(77)	(1)	---	---	131	2	(30)	25
Net Cash Provided (Used) by Operating Activities	<u>\$ (80)</u>	<u>\$ 881</u>	<u>\$ (517)</u>	<u>\$ (66)</u>	<u>\$ (37,242)</u>	<u>\$ (275)</u>	<u>\$ 733</u>	<u>\$ (36,566)</u>



*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

## **Internal Service Funds:**

**Natural Resources Cost Allocation** – Accounts for the administrative costs of the Department of Natural Resources.

**Mental Health Interagency Payments** – Accounts for moneys received through interagency agreements for services provided by other agencies.

**State Facility Maintenance and Operation** – Accounts for moneys transferred or paid to the Office of Administration as operating expenses, and for rent expenses of certain state-owned facilities.

**Office of Administration Revolving** – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

**Working Capital Revolving** – Accounts for the operation of correctional industry programs and correctional farm programs.

**General Government Revolving** – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer and Department of Corrections.

**Social Services Administrative Trust** – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

**Economic Development – Administrative** – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

**Professional Registration Fees** – Accounts for moneys received from the professional boards for administrative services.

**Conservation Employees' Insurance Plan** – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for the Department of Conservation employees.

**Transportation Self-Insurance Plan** – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

**Missouri State Employees' Insurance Plan** – Accounts for long-term disability and death benefits provided on a self-insured basis for state employees.

**Missouri Consolidated Health Care Plan** – Accounts for medical care benefits provided on a self-insured basis for state employees.

**Highway and Transportation Employees' and Highway Patrol Insurance Plan** – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

STATE OF MISSOURI  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2005  
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals  June 30, 2005
<b>ASSETS</b>															
Current Assets:															
Cash and Cash Equivalents	\$ 273	\$ 202	\$ 384	\$ 2,855	\$ 2,111	\$ 496	\$ 54	\$ 114	\$ 59	\$ 5,391	\$ ---	\$ ---	\$ 129,012	\$ 23,800	\$ 164,751
Investments	649	498	946	8,345	5,208	1,224	134	276	145	---	40,256	1,942	---	8,906	68,529
Accounts Receivable, Net	---	---	---	1,331	643	8,647	---	15	---	394	90	1,036	2,754	142	15,052
Interest Receivable	---	---	---	---	---	---	---	---	---	---	285	---	---	---	285
Due from Other Funds	---	546	34	3,544	958	---	644	15	---	---	---	1	12,693	---	18,435
Inventories	---	16	---	241	10,906	---	124	2	12	---	---	---	---	---	11,301
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	51	---	51
Noncurrent Assets:															
Restricted Assets:															
Cash and Cash Equivalents	---	---	5,694	914	---	---	---	---	---	---	---	---	---	---	6,608
Investments	---	---	---	---	---	---	---	---	---	---	198	---	---	---	198
Capital Assets:															
Construction in Progress	239	---	163,346	7,202	49	---	---	---	---	---	---	---	---	---	170,836
Land	---	---	8,332	---	103	---	---	---	---	---	---	---	---	---	8,435
Land Improvements	---	---	2,958	---	---	---	---	---	---	---	---	---	---	---	2,958
Buildings	---	---	223,083	7,310	6,459	---	---	---	2,300	---	---	---	---	---	239,152
Equipment	5,408	2,628	6,161	33,644	23,661	68	523	775	1,693	---	---	---	2,446	---	77,007
Less Accumulated Depreciation	(4,070)	(819)	(134,456)	(32,151)	(22,478)	(49)	(325)	(602)	(1,651)	---	---	---	(1,944)	---	(198,545)
Total Capital Assets (Net of Accumulated Depreciation)	1,577	1,809	269,424	16,005	7,794	19	198	173	2,342	---	---	---	502	---	299,843
Total Assets	2,499	3,071	276,482	33,235	27,620	10,386	1,154	595	2,558	5,785	40,829	2,979	145,012	32,848	585,053
<b>LIABILITIES</b>															
Current Liabilities:															
Accounts Payable	7	16	217	3,238	---	2	36	4	32	---	96	2,642	6,688	1,169	14,147
Accrued Payroll	219	4	215	450	288	37	2	48	112	---	---	---	---	---	1,375
Due to Other Funds	90	10	103	169	130	17	10	20	50	---	---	---	---	---	599
Unearned Revenue	---	---	---	245	---	---	---	---	---	---	---	---	17,094	6,708	24,047
Claims Liability	---	---	---	---	---	---	---	---	---	2,548	13,725	---	36,707	8,100	61,080
Obligations under Lease Purchase	---	---	73	924	---	---	---	---	---	---	---	---	44	---	1,041
Compensated Absences	385	---	516	851	602	68	2	93	212	---	---	---	157	---	2,886
Noncurrent Liabilities:															
Claims Liability	---	---	---	---	---	---	---	---	---	---	32,202	---	---	1,019	33,221
Obligations under Lease Purchase	---	---	983	364	---	---	---	---	---	---	---	---	87	---	1,434
Compensated Absences	159	---	---	302	74	18	5	---	---	---	---	---	28	---	586
Total Liabilities	860	30	2,107	6,543	1,094	142	55	165	406	2,548	46,023	2,642	60,805	16,996	140,416
<b>NET ASSETS</b>															
Invested in Capital Assets, Net of Related Debt	1,577	1,809	268,368	14,717	7,794	19	198	173	2,342	---	---	---	371	---	297,368
Restricted for:															
Revenue Bonds	---	---	5,694	---	---	---	---	---	---	---	---	---	---	---	5,694
Other Purposes	---	---	---	914	---	---	---	---	---	---	198	---	---	---	1,112
Unrestricted	62	1,232	313	11,061	18,732	10,225	901	257	(190)	3,237	(5,392)	337	83,836	15,852	140,463
Total Net Assets	\$ 1,639	\$ 3,041	\$ 274,375	\$ 26,692	\$ 26,526	\$ 10,244	\$ 1,099	\$ 430	\$ 2,152	\$ 3,237	\$ (5,194)	\$ 337	\$ 84,207	\$ 15,852	\$ 444,637

STATE OF MISSOURI  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals  June 30, 2005
<b>Operating Revenues:</b>															
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 8,007	\$ 18,519	\$ ---	\$ 340,471	\$ 61,148	\$ 428,145
Employee Contributions	---	---	---	---	---	---	---	---	---	4,724	---	27,305	79,113	26,025	137,167
Licenses, Fees and Permits	---	---	---	---	---	2,079	---	---	---	---	---	---	---	---	2,079
Sales	2	---	1	---	27,425	23	8	1	6	---	---	---	---	---	27,466
Leases and Rentals	---	---	20,167	---	103	8	233	---	---	---	---	---	---	---	20,511
Charges for Services	9,776	5,140	588	71,649	---	2,849	4,383	2,085	6,452	---	---	---	---	---	102,922
Cost Reimbursement/Miscellaneous	2	---	---	762	4	35	---	76	38	488	199	437	---	564	2,605
Total Operating Revenues	9,780	5,140	20,756	72,411	27,532	4,994	4,624	2,162	6,496	13,219	18,718	27,742	419,584	87,737	720,895
<b>Operating Expenses:</b>															
Cost of Goods Sold	---	---	---	4,021	10,720	---	---	---	---	---	---	---	---	---	14,741
Personal Service	6,819	187	8,565	14,812	10,933	1,184	34	1,650	3,661	---	---	356	3,921	---	52,122
Operations	2,856	1,692	18,555	47,158	6,373	2,148	4,180	489	2,156	1,624	1,620	143	16,337	8,348	113,679
Inventories	53	8	77	762	717	4	---	17	99	---	---	---	---	---	1,737
Specific Programs	12	2,066	9	---	16	---	---	1	---	---	---	---	---	---	2,104
Insurance Benefits	---	---	---	---	---	---	---	---	---	9,900	20,378	27,272	370,454	73,999	502,003
Depreciation	732	512	7,870	3,249	1,440	10	49	71	302	---	---	---	195	---	14,430
Other Charges	150	61	58	1,142	1,526	30	---	15	55	43	---	---	---	127	3,207
Total Operating Expenses	10,622	4,526	35,134	71,144	31,725	3,376	4,263	2,243	6,273	11,567	21,998	27,771	390,907	82,474	704,023
Operating Income (Loss)	(842)	614	(14,378)	1,267	(4,193)	1,618	361	(81)	223	1,652	(3,280)	(29)	28,677	5,263	16,872
<b>Non-Operating Revenues (Expenses):</b>															
Contributions and Intergovernmental	---	---	192	---	---	20	---	---	---	---	---	---	---	---	212
Interest Expense	---	---	(446)	(105)	---	---	---	---	---	---	---	---	---	---	(551)
Investment Earnings:															
Net Increase (Decrease) in the Fair Value of Investments	2	1	5	---	9	(1)	---	---	---	---	98	---	---	7	121
Interest	---	---	273	---	---	---	---	---	---	104	1,131	49	2,492	651	4,700
Penalties and Unclaimed Properties	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Disposal of Capital Assets	(1)	---	(6)	(29)	(27)	---	---	(2)	(50)	---	---	---	---	---	(115)
Total Non-Operating Revenues (Expenses)	1	1	18	(134)	(18)	19	1	(2)	(50)	104	1,229	49	2,492	658	4,368
Income (Loss) Before Transfers	(841)	615	(14,360)	1,133	(4,211)	1,637	362	(83)	173	1,756	(2,051)	20	31,169	5,921	21,240
Transfers Out	---	---	---	(2)	(2)	(1)	---	---	---	---	---	---	---	---	(5)
Change in Net Assets	(841)	615	(14,360)	1,131	(4,213)	1,636	362	(83)	173	1,756	(2,051)	20	31,169	5,921	21,235
Total Net Assets – Beginning	2,480	2,426	288,735	25,561	30,739	8,608	737	513	1,979	1,481	(3,143)	317	53,038	9,931	423,402
Total Net Assets – Ending	\$ 1,639	\$ 3,041	\$ 274,375	\$ 26,692	\$ 26,526	\$ 10,244	\$ 1,099	\$ 430	\$ 2,152	\$ 3,237	\$ (5,194)	\$ 337	\$ 84,207	\$ 15,852	\$ 444,637

STATE OF MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals  June 30, 2005
<b>Cash Flows from Operating Activities:</b>															
Receipts from Customers and Users	\$ 9,778	\$ 5,140	\$ 20,756	\$ 72,298	\$ 27,932	\$ 3,793	\$ 4,624	\$ 2,170	\$ 6,458	\$ 12,723	\$ 18,430	\$ 27,196	\$ 423,269	\$ 87,539	\$ 722,106
Payments to Suppliers	(2,912)	(1,733)	(18,858)	(51,799)	(17,295)	(2,160)	(4,216)	(522)	(2,377)	(1,624)	(1,797)	(9)	(29,013)	(8,591)	(142,906)
Payments to Employees	(6,732)	(183)	(8,659)	(14,787)	(10,975)	(1,180)	(27)	(1,658)	(3,661)	---	---	(356)	(3,924)	---	(52,142)
Payments Made for Program Expense	(12)	(2,066)	(9)	---	(16)	---	---	(1)	---	(9,538)	(14,399)	(27,272)	(348,198)	(73,130)	(474,641)
Other Receipts (Payments)	(148)	(61)	(58)	(380)	(1,522)	5	---	61	(17)	445	199	437	---	437	(602)
Net Cash Provided (Used) by Operating Activities	(26)	1,097	(6,828)	5,332	(1,876)	458	381	50	403	2,006	2,433	(4)	42,134	6,255	51,815
<b>Cash Flows from Non-Capital Financing Activities:</b>															
Due to/from Other Funds	13	67	(605)	(17)	1,042	2	(543)	(7)	(9)	---	---	137	276	---	356
Contributions and Intergovernmental	---	---	192	---	---	20	---	---	---	---	---	---	---	---	212
Transfers to Other Funds	---	---	---	(2)	(2)	(1)	---	---	---	---	---	---	---	---	(5)
Net Cash Provided (Used) by Non-Capital Financing Activities	13	67	(413)	(19)	1,040	21	(543)	(7)	(9)	---	---	137	276	---	563
<b>Cash Flows from Capital and Related Financing Activities:</b>															
Interest Expense	---	---	(446)	(105)	---	---	---	---	---	---	---	---	---	---	(551)
Purchase or Construction of Capital Assets	(495)	(1,293)	(15,695)	(1,904)	(1,722)	(2)	---	(61)	(463)	---	---	---	(268)	---	(21,903)
Capital Lease Downpayment/Obligations	---	---	(10)	(1,296)	---	---	---	---	---	---	---	---	131	---	(1,175)
Disposal of Capital Assets	(1)	---	5,842	(659)	1	---	---	(2)	1	---	---	---	---	---	5,182
Net Cash Used by Capital and Related Financing Activities	(496)	(1,293)	(10,309)	(3,964)	(1,721)	(2)	---	(63)	(462)	---	---	---	(137)	---	(18,447)
<b>Cash Flows from Investing Activities:</b>															
Proceeds from Sales and Investment Maturities	352	83	14,758	---	1,707	---	110	11	45	---	5,449	499,067	---	6,000	527,582
Purchase of Investments	---	---	---	(1,092)	---	(354)	---	---	---	---	(8,942)	(499,246)	---	(2,974)	(512,608)
Interest and Dividends Received	---	---	273	---	---	---	---	---	---	104	1,060	49	2,492	649	4,627
Penalties and Other Receipts	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	352	83	15,031	(1,092)	1,707	(354)	111	11	45	104	(2,433)	(130)	2,492	3,675	19,602
Net Increase (Decrease) in Cash	(157)	(46)	(2,519)	257	(850)	123	(51)	(9)	(23)	2,110	---	3	44,765	9,930	53,533
Cash and Cash Equivalents, Beginning of Year	430	248	8,597	3,512	2,961	373	105	123	82	3,281	---	(3)	84,247	13,870	117,826
Cash and Cash Equivalents, End of Year	\$ 273	\$ 202	\$ 6,078	\$ 3,769	\$ 2,111	\$ 496	\$ 54	\$ 114	\$ 59	\$ 5,391	\$ ---	\$ ---	\$ 129,012	\$ 23,800	\$ 171,359

**Reconciliation of Operating Income of Net Cash  
Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ (842)	\$ 614	\$ (14,378)	\$ 1,267	\$ (4,193)	\$ 1,618	\$ 361	\$ (81)	\$ 223	\$ 1,652	\$ (3,280)	\$ (29)	\$ 28,677	\$ 5,263	\$ 16,872
Depreciation Expense	732	512	7,870	3,249	1,440	10	49	71	302	---	---	---	195	---	14,430
Changes in Assets and Liabilities:															
Accounts Receivable	---	---	---	480	404	(1,166)	---	84	---	(8)	(90)	(109)	32	(117)	(490)
Inventories	---	---	---	(30)	569	---	(3)	---	(1)	---	---	---	---	---	535
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	2	---	2
Accounts Payable	(3)	(33)	(226)	172	(54)	(8)	(33)	(16)	(121)	---	(177)	134	(12,678)	(244)	(13,287)
Accrued Payroll	22	4	(33)	(13)	(28)	4	1	(1)	(3)	---	---	---	---	---	(47)
Unearned Revenue	---	---	---	169	---	---	---	---	---	---	---	---	3,653	484	4,306
Claims Liability	---	---	---	---	---	---	---	---	---	362	5,980	---	22,256	869	29,467
Compensated Absences	65	---	(61)	38	(14)	---	6	(7)	3	---	---	---	(3)	---	27
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (26)</b>	<b>\$ 1,097</b>	<b>\$ (6,828)</b>	<b>\$ 5,332</b>	<b>\$ (1,876)</b>	<b>\$ 458</b>	<b>\$ 381</b>	<b>\$ 50</b>	<b>\$ 403</b>	<b>\$ 2,006</b>	<b>\$ 2,433</b>	<b>\$ (4)</b>	<b>\$ 42,134</b>	<b>\$ 6,255</b>	<b>\$ 51,815</b>

**Non-Cash Financing Activities:**

During fiscal year 2005, a capital lease agreement was renegotiated in the Office of Administration Revolving Fund for Central Printing.  
This resulted in a \$17,000 increase to the obligation under lease purchase in this fund as of June 30, 2005.



*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

## **Pension (and Other Employee Benefit) Trust Funds:**

### **Missouri State Employees' Retirement System:**

**Missouri State Employees' Plan** – Accounts for retirement, survivor and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

**Administrative Law Judges' and Advisors' Plan** – Accounts for retirement, survivor and disability benefits paid to individuals appointed as administrative law judges or legal advisors in the Division of Workers' Compensation, members of the Labor and Industrial Relations Commission and their attorneys, the chairperson of the State Board of Mediation, and administrative hearing commissioners.

**Judicial Plan** – Accounts for retirement, survivor and disability benefits to judges in the State of Missouri.

**Missouri Department of Transportation and Patrol Employees' Retirement System** – Accounts for retirement, survivor and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

**Missouri State Employees' Deferred Compensation Incentive (IRC 401a) Plan** – Accounts for retirement benefits paid to employees of the State.

**Missouri State Public Employees' Deferred Compensation (IRC 457) Plan** – Accounts for deposits from State employees, which are invested for the benefit of the employees until properly authorized to distribute.

## **Private-Purpose Trust Funds:**

**Alternative Care Trust** – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

**Johnson-Travis Memorial Trust** – Accounts for all moneys, stocks and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop and maintain the gardens.

**Unclaimed Property** – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends and interest of banks unable to locate the owners.

## **Agency Funds:**

**State Retirement Contributions** – Accounts for the receipt of contributions from various state funds which are to be transferred to the Missouri State Employees' Retirement Plan Trust Fund.

**Social Security Contributions** – Accounts for the receipt of contributions from various state funds for the State's share of social security contributions, which are due to the Federal Social Security Administration.

**Missouri State Employees' Deferred Compensation Incentive Plan Administration** – Accounts for moneys to be used for the payment by the State to deferred compensation investment companies on behalf of qualified state employees.

**Missouri Consolidated Health Care Plan Benefit** – Accounts for the receipt of contributions from various state funds, which are to be transferred to the Missouri Consolidated Health Care Plan Fund.

**Missouri State Employees' Voluntary Life Insurance** – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

**Program** – Accounts for the receipt of various taxes, refundable deposits and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

**Institution** – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**June 30, 2005**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Patrol Employees' Retirement System	Deferred Compensation		Totals
	Missouri State Employees' Plan*	Judicial Plan		401 (a) Plan	457 Plan	June 30, 2005
<b>ASSETS</b>						
Cash and Cash						
Equivalents	\$ 556,731	\$ 4,129	\$ 1,503	\$ ---	\$ 2,475	\$ 564,838
Investments at Fair Value	5,910,510	43,831	1,416,616	209,427	940,859	8,521,243
Receivables:						
Accounts Receivable	544,566	4,941	28,416	70	---	577,993
Interest Receivable	17,110	127	3,022	---	---	20,259
Due from Other Funds	8,082	---	---	401	---	8,483
Invested Securities						
Lending Collateral	1,091,746	8,096	158,193	---	---	1,258,035
Prepaid Expenses	43	---	8	---	---	51
Capital Assets:						
Land	265	2	84	---	---	351
Buildings	3,327	25	582	---	---	3,934
Equipment	1,943	15	121	---	---	2,079
Accumulated Depreciation	(2,103)	(16)	(96)	---	---	(2,215)
Total Capital Assets, Net	3,432	26	691	---	---	4,149
<b>Total Assets</b>	<b>8,132,220</b>	<b>61,150</b>	<b>1,608,449</b>	<b>209,898</b>	<b>943,334</b>	<b>10,955,051</b>
<b>LIABILITIES</b>						
Accounts Payable	609,363	4,519	9,108	---	---	622,990
Securities Lending Collateral	1,091,514	8,095	158,193	---	---	1,257,802
Obligations under Lease Purchase	---	---	14	---	---	14
Compensated Absences	310	2	79	---	---	391
<b>Total Liabilities</b>	<b>1,701,187</b>	<b>12,616</b>	<b>167,394</b>	<b>---</b>	<b>---</b>	<b>1,881,197</b>
<b>Net Assets Held in Trust for Benefits</b>	<b>\$ 6,431,033</b>	<b>\$ 48,534</b>	<b>\$ 1,441,055</b>	<b>\$ 209,898</b>	<b>\$ 943,334</b>	<b>\$ 9,073,854</b>

\*Administrative Law Judges' and Advisors' Plan was terminated April 26, 2005 per Senate Bill 202. All net assets were transferred to Missouri State Employees' Plan. See Note 2-Reporting Changes and Reclassifications.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System			Missouri Department of Transportation and Patrol Employees' Retirement System	Deferred Compensation		Totals
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan*	Judicial Plan		401 (a) Plan	457 Plan	June 30, 2005
<b>Additions:</b>							
Contributions:							
Employer	\$ 194,524	\$ 1,125	\$ 21,853	\$ 102,240	\$ 11,249	\$ ---	\$ 330,991
Plan Member	4,122	---	---	---	---	61,230	65,352
Other	29	---	---	365	25,873	---	26,267
Total Contributions	<u>198,675</u>	<u>1,125</u>	<u>21,853</u>	<u>102,605</u>	<u>37,122</u>	<u>61,230</u>	<u>422,610</u>
Investment Earnings:							
Increase/decrease in Appreciation of Assets	778,853	2,203	5,792	152,403	10,990	71,983	1,022,224
Securities Lending Income	26,120	74	194	3,793	---	---	30,181
Total Investment Earnings	<u>804,973</u>	<u>2,277</u>	<u>5,986</u>	<u>156,196</u>	<u>10,990</u>	<u>71,983</u>	<u>1,052,405</u>
Less Investment Expenses:							
Investment Activity Expense	(54,730)	(155)	(407)	(8,268)	---	---	(63,560)
Securities Lending Expense	(22,902)	(65)	(170)	(3,287)	---	---	(26,424)
Total Investment Expense	<u>(77,632)</u>	<u>(220)</u>	<u>(577)</u>	<u>(11,555)</u>	<u>---</u>	<u>---</u>	<u>(89,984)</u>
Net Investment Earnings	<u>727,341</u>	<u>2,057</u>	<u>5,409</u>	<u>144,641</u>	<u>10,990</u>	<u>71,983</u>	<u>962,421</u>
Cost Reimbursement/ Miscellaneous	<u>1,232</u>	<u>4</u>	<u>9</u>	<u>31</u>	<u>---</u>	<u>---</u>	<u>1,276</u>
Total Additions	<u>927,248</u>	<u>3,186</u>	<u>27,271</u>	<u>247,277</u>	<u>48,112</u>	<u>133,213</u>	<u>1,386,307</u>
<b>Deductions:</b>							
Benefits	367,431	749	18,396	157,742	12,619	---	556,937
Administrative Expenses	5,968	17	44	1,883	50	---	7,962
Program Distributions	---	---	---	---	---	49,546	49,546
Service Transfer Payments	199	---	---	---	---	---	199
Depreciation	261	1	2	34	---	---	298
Total Deductions	<u>373,859</u>	<u>767</u>	<u>18,442</u>	<u>159,659</u>	<u>12,669</u>	<u>49,546</u>	<u>614,942</u>
Net Increase before transfer	553,389	2,419	8,829	87,618	35,443	83,667	771,365
Transfer per Senate Bill 202	<u>18,157</u>	<u>(18,157)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Change in Net Assets	571,546	(15,738)	8,829	87,618	35,443	83,667	771,365
Net Assets Held in Trust for Benefits							
Beginning of Year	<u>5,859,487</u>	<u>15,738</u>	<u>39,705</u>	<u>1,353,437</u>	<u>174,455</u>	<u>859,667</u>	<u>8,302,489</u>
End of Year	<u>\$ 6,431,033</u>	<u>\$ ---</u>	<u>\$ 48,534</u>	<u>\$ 1,441,055</u>	<u>\$ 209,898</u>	<u>\$ 943,334</u>	<u>\$ 9,073,854</u>

\*Administrative Law Judges' and Advisors' Plan was terminated April 26, 2005 per Senate Bill 202. All net assets were transferred to Missouri State Employees' Plan. See *Note 2*—Reporting Changes and Reclassifications.

STATE OF MISSOURI  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PRIVATE-PURPOSE TRUST FUNDS  
June 30, 2005  
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2005
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,007	\$ 8	\$ 5,707	\$ 6,722
Investments at Fair Value	2,483	68	14,070	16,621
Interest Receivable	20	---	---	20
Advance to Other Funds	---	---	61,607	61,607
Capital Assets:				
Equipment	---	---	24	24
Less: Accumulated Depreciation	---	---	(17)	(17)
Total Capital Assets, Net	---	---	7	7
Total Assets	3,510	76	81,391	84,977
<b>LIABILITIES</b>				
Accounts Payable	660	---	24	684
Escheats/Unclaimed Property	---	---	71,092	71,092
Due to Other Funds	---	---	12	12
Total Liabilities	660	---	71,128	71,788
<b>NET ASSETS</b>				
Net Assets Held in Trust for Other Purposes	\$ 2,850	\$ 76	\$ 10,263	\$ 13,189

STATE OF MISSOURI  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE-PURPOSE TRUST FUNDS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2005
<b>Additions:</b>				
Increase/Decrease in Appreciation of Assets	\$ 86	\$ 9	\$ (30)	\$ 65
Unclaimed Property	---	---	30,404	30,404
Cost Reimbursement/Miscellaneous	10,266	5	---	10,271
Transfers In	---	---	1,401	1,401
Total Additions	10,352	14	31,775	42,141
<b>Deductions:</b>				
Administrative Expenses	---	---	1,209	1,209
Program Distributions	9,824	---	---	9,824
Depreciation	---	---	2	2
Transfers Out	---	---	20,301	20,301
Total Deductions	9,824	---	21,512	31,336
Change in Net Assets	528	14	10,263	10,805
Net Assets – Beginning	2,322	62	---	2,384
Net Assets – Ending	<u>\$ 2,850</u>	<u>\$ 76</u>	<u>\$ 10,263</u>	<u>\$ 13,189</u>

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
June 30, 2005  
(In Thousands of Dollars)**

	State Retirement Contributions	Social Security Contributions	Missouri State Employees' Deferred Compensation Incentive Plan Administration	Missouri Consolidated Health Care Plan Benefit	Program	Institution	Totals June 30, 2005
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ ---	\$ 23	\$ ---	\$ ---	\$ 30,656	\$ 18,814	\$ 49,493
Investments at Fair Value	---	78	1	6	276,867	1,065	278,017
Receivables:							
Accounts Receivable	---	---	---	---	208,514	263	208,777
Interest Receivable	---	---	---	---	609	---	609
Due from Other Funds	8,083	5,123	400	12,687	---	---	26,293
Total Assets	<u>\$ 8,083</u>	<u>\$ 5,224</u>	<u>\$ 401</u>	<u>\$ 12,693</u>	<u>\$ 516,646</u>	<u>\$ 20,142</u>	<u>\$ 563,189</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ ---	\$ ---	\$ ---	\$ ---	\$ 26	\$ ---	\$ 26
Due to Other Entities	---	5,224	---	---	487,111	---	492,335
Due to Individuals	---	---	---	---	29,494	20,142	49,636
Due to Other Funds	8,083	---	401	12,693	15	---	21,192
Total Liabilities	<u>\$ 8,083</u>	<u>\$ 5,224</u>	<u>\$ 401</u>	<u>\$ 12,693</u>	<u>\$ 516,646</u>	<u>\$ 20,142</u>	<u>\$ 563,189</u>

NOTE: The Missouri State Employees' Voluntary Life Insurance is not included in the Agency Funds Combining Balance Sheet because there were no assets or liabilities at June 30, 2005.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b>STATE RETIREMENT CONTRIBUTIONS</b>				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 200,383	\$ 200,383	\$ ---
Investments at Fair Value	11	1	12	---
Due from Other Funds	6,944	8,083	6,944	8,083
Total Assets	<u>\$ 6,955</u>	<u>\$ 208,467</u>	<u>\$ 207,339</u>	<u>\$ 8,083</u>
LIABILITIES				
Due to Other Funds	<u>\$ 6,955</u>	<u>\$ 608,372</u>	<u>\$ 607,244</u>	<u>\$ 8,083</u>
<b>SOCIAL SECURITY CONTRIBUTIONS</b>				
ASSETS				
Cash and Cash Equivalents	\$ 34	\$ 144,905	\$ 144,916	\$ 23
Investments at Fair Value	77	78	77	78
Due from Other Funds	5,663	5,123	5,663	5,123
Total Assets	<u>\$ 5,774</u>	<u>\$ 150,106</u>	<u>\$ 150,656</u>	<u>\$ 5,224</u>
LIABILITIES				
Due to Other Entities	<u>\$ 5,774</u>	<u>\$ 440,290</u>	<u>\$ 440,840</u>	<u>\$ 5,224</u>
<b>DEFERRED COMPENSATION</b>				
<b>INCENTIVE PLAN ADMINISTRATION</b>				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 11,403	\$ 11,403	\$ ---
Investments at Fair Value	1	1	1	1
Due from Other Funds	461	400	461	400
Total Assets	<u>\$ 462</u>	<u>\$ 11,804</u>	<u>\$ 11,865</u>	<u>\$ 401</u>
LIABILITIES				
Due to Other Funds	<u>\$ 462</u>	<u>\$ 34,668</u>	<u>\$ 34,729</u>	<u>\$ 401</u>
<b>MISSOURI CONSOLIDATED HEALTH CARE PLAN BENEFIT</b>				
ASSETS				
Cash and Cash Equivalents	\$ 4	\$ 326,553	\$ 326,557	\$ ---
Investments at Fair Value	8	6	8	6
Due from Other Funds	12,957	12,687	12,957	12,687
Total Assets	<u>\$ 12,969</u>	<u>\$ 339,246</u>	<u>\$ 339,522</u>	<u>\$ 12,693</u>
LIABILITIES				
Due to Other Funds	<u>\$ 12,969</u>	<u>\$ 991,918</u>	<u>\$ 992,194</u>	<u>\$ 12,693</u>
<b>MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE PROGRAM</b>				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 601	\$ 601	\$ ---
LIABILITIES				
Due to Other Entities	<u>\$ ---</u>	<u>\$ 601</u>	<u>\$ 601</u>	<u>\$ ---</u>
ASSETS				
Cash and Cash Equivalents	\$ 23,026	\$ 4,179,403	\$ 4,171,773	\$ 30,656
Investments at Fair Value	256,505	1,294,723	1,274,361	276,867
Receivables:				
Accounts Receivable	193,122	15,599	207	208,514
Interest Receivable	178	3,589	3,158	609
Total Assets	<u>\$ 472,831</u>	<u>\$ 5,493,314</u>	<u>\$ 5,449,499</u>	<u>\$ 516,646</u>
LIABILITIES				
Accounts Payable	\$ 27	\$ 342	\$ 343	\$ 26
Due to Other Entities	445,582	4,573,161	4,531,632	487,111
Due to Individuals	27,045	914,731	912,282	29,494
Due to Other Funds	177	14	176	15
Total Liabilities	<u>\$ 472,831</u>	<u>\$ 5,488,248</u>	<u>\$ 5,444,433</u>	<u>\$ 516,646</u>
<b>INSTITUTION</b>				
ASSETS				
Cash and Cash Equivalents	\$ 16,046	\$ 130,734	\$ 127,966	\$ 18,814
Investments at Fair Value	1,055	36	26	1,065
Accounts Receivable	209	74	20	263
Total Assets	<u>\$ 17,310</u>	<u>\$ 130,844</u>	<u>\$ 128,012</u>	<u>\$ 20,142</u>
LIABILITIES				
Due to Individuals	<u>\$ 17,310</u>	<u>\$ 130,844</u>	<u>\$ 128,012</u>	<u>\$ 20,142</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
ASSETS				
Cash and Cash Equivalents	\$ 39,110	\$ 4,993,982	\$ 4,983,599	\$ 49,493
Investments at Fair Value	257,657	1,294,845	1,274,485	278,017
Receivables:				
Accounts Receivable	193,331	15,673	227	208,777
Interest Receivable	178	3,589	3,158	609
Due from Other Funds	26,025	26,293	26,025	26,293
Total Assets	<u>\$ 516,301</u>	<u>\$ 6,334,382</u>	<u>\$ 6,287,494</u>	<u>\$ 563,189</u>
LIABILITIES				
Accounts Payable	\$ 27	\$ 342	\$ 343	\$ 26
Due to Other Entities	451,356	5,014,052	4,973,073	492,335
Due to Individuals	44,355	1,045,575	1,040,294	49,636
Due to Other Funds	20,563	1,634,972	1,634,343	21,192
Total Liabilities	<u>\$ 516,301</u>	<u>\$ 7,694,941</u>	<u>\$ 7,648,053</u>	<u>\$ 563,189</u>



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

### **Non-Major Component Units:**

**Missouri Development Finance Board** – Accounts for moneys from bond proceeds, gifts and grants to make loans for industrial development.

**Agricultural and Small Business Development Authority** – Accounts for moneys from bond proceeds, gifts and grants to make loans for property acquisitions/renovations and pollution control facilities.

**Fulton 54 Transportation Corporation** – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

**Missouri Transportation Finance Corporation** – Accounts for moneys from federal, state or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

**Missouri Highway 179 Transportation Corporation** – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

**Missouri Highway 63 Transportation Corporation** – Accounts for moneys from sales tax proceeds to pay for projects under the Missouri Transportation Corporation Act.

**Springfield, MO State Highway Improvement Corporation** – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

**Wentzville Parkway Transportation Corporation** – Accounts for moneys from bond proceeds to promote and develop public transportation facilities under the Missouri Transportation Corporation Act.

STATE OF MISSOURI  
COMBINING STATEMENT OF NET ASSETS  
NON-MAJOR COMPONENT UNITS  
June 30, 2005  
(In Thousands of Dollars)

	Missouri Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals  June 30, 2005
<b>ASSETS</b>									
Current Assets:									
Cash and Cash Equivalents	\$ 2,519	\$ 6,472	\$ ---	\$ 6,834	\$ 5,568	\$ 293	\$ ---	\$ 5	\$ 21,691
Investments	16,121	---	874	---	177	---	---	---	17,172
Accounts Receivable, Net	---	---	1,244	---	---	---	---	---	1,244
Interest Receivable	265	25	1	302	1,073	---	---	11	1,677
Prepaid Items	68	---	---	---	---	---	---	---	68
Due from Other Governments	---	---	---	---	---	1,079	1,581	100	2,760
Due from Primary Government/Component Unit	---	---	2,165	1,690	2,764	59	3,667	---	10,345
Loans Receivable	2,365	565	---	4,993	---	---	---	---	7,923
Noncurrent Assets:									
Advance to Other Governments	---	---	---	---	---	7,677	---	3,509	11,186
Advance to Primary Government/Component Unit	---	---	3,365	22,179	9,871	---	---	8,850	44,265
Loans Receivable	4,987	2,579	---	6,096	---	---	---	---	13,662
Restricted Assets:									
Cash and Cash Equivalents	25,333	382	6	13,332	---	---	---	2,946	41,999
Investments	41,891	---	---	20,793	---	---	---	1,317	64,001
Deferred Charges	9	---	---	---	---	---	---	144	153
Capital Assets:									
Construction in Progress	10,421	---	---	---	---	---	---	---	10,421
Land	9,271	---	---	---	---	---	---	---	9,271
Buildings	26,769	---	---	---	---	---	---	---	26,769
Equipment	115	---	---	---	---	---	---	---	115
Less Accumulated Depreciation	(2,482)	---	---	---	---	---	---	---	(2,482)
Total Capital Assets (Net of Accumulated Depreciation)	44,094	---	---	---	---	---	---	---	44,094
Total Assets	137,652	10,023	7,655	76,219	19,453	9,108	5,248	16,882	282,240
<b>LIABILITIES</b>									
Current Liabilities:									
Accounts Payable	2,054	19	---	10	2	59	---	---	2,144
Due to Primary Government/Component Unit	---	655	---	---	---	1,168	1,690	---	3,513
Interest Payable	71	79	104	---	359	---	88	235	936
Bonds Payable	---	---	2,165	---	2,420	---	3,470	100	8,155
Noncurrent Liabilities:									
Advance from Primary Government/ Component Unit	---	3,570	---	---	6,000	7,942	---	---	17,512
Deposits and Reserves	31,439	---	---	---	---	---	---	---	31,439
Bonds Payable	34,600	---	4,375	---	7,960	---	---	12,325	59,260
Total Liabilities	68,164	4,323	6,644	10	16,741	9,169	5,248	12,660	122,959
<b>NET ASSETS</b>									
Invested in Capital Assets, Net	9,494	---	---	---	---	---	---	---	9,494
Restricted for:									
Other Purposes	35,785	4,745	---	69,164	---	---	---	---	109,694
Unrestricted	24,209	955	1,011	7,045	2,712	(61)	---	4,222	40,093
Total Net Assets	\$ 69,488	\$ 5,700	\$ 1,011	\$ 76,209	\$ 2,712	\$ (61)	\$ ---	\$ 4,222	\$ 159,281

STATE OF MISSOURI  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
NON-MAJOR COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2005  
(In Thousands of Dollars)

	Missouri Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals  June 30, 2005
<b>Operating Revenues:</b>									
Licenses, Fees and Permits	\$ 1,098	\$ 302	\$ ---	\$ 2	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,402
Interest on Receivables	233	195	---	1,262	117	---	---	---	1,807
Leases and Rentals	1,901	---	---	---	---	---	---	---	1,901
Cost Reimbursement/Miscellaneous	54	52	---	---	---	4,307	232	568	5,213
Total Operating Revenues	<u>3,286</u>	<u>549</u>	<u>---</u>	<u>1,264</u>	<u>117</u>	<u>4,307</u>	<u>232</u>	<u>568</u>	<u>10,323</u>
<b>Operating Expenses:</b>									
Personal Service	603	218	---	49	---	---	---	---	870
Operations	1,651	113	---	10	---	4,312	---	1	6,087
Specific Programs	---	1,831	---	---	---	---	---	---	1,831
Interest Expense	---	61	413	---	755	---	232	567	2,028
Depreciation	679	---	---	---	---	---	---	---	679
Amortization	4	---	---	---	---	---	---	22	26
Bad Debt Expense	9,449	---	---	---	---	---	---	---	9,449
Other Charges	43	---	109	7	---	---	---	---	159
Total Operating Expenses	<u>12,429</u>	<u>2,223</u>	<u>522</u>	<u>66</u>	<u>755</u>	<u>4,312</u>	<u>232</u>	<u>590</u>	<u>21,129</u>
Operating Income (Loss)	<u>(9,143)</u>	<u>(1,674)</u>	<u>(522)</u>	<u>1,198</u>	<u>(638)</u>	<u>(5)</u>	<u>---</u>	<u>(22)</u>	<u>(10,806)</u>
<b>Non-Operating Revenues (Expenses):</b>									
Contributions and Intergovernmental	20,514	1,693	---	---	---	---	---	---	22,207
Investment Earnings:									
Increase in Fair Value of Investments	---	---	---	96	---	---	---	---	96
Interest	1,242	95	385	637	---	31	---	35	2,425
Bond Interest and Related Expenses	(551)	---	---	---	---	---	---	---	(551)
Total Non-Operating Revenues (Expenses)	<u>21,205</u>	<u>1,788</u>	<u>385</u>	<u>733</u>	<u>---</u>	<u>31</u>	<u>---</u>	<u>35</u>	<u>24,177</u>
Income (Loss) Before Transfers	<u>12,062</u>	<u>114</u>	<u>(137)</u>	<u>1,931</u>	<u>(638)</u>	<u>26</u>	<u>---</u>	<u>13</u>	<u>13,371</u>
Transfers In	---	21	---	---	---	---	---	---	21
Change in Net Assets	<u>12,062</u>	<u>135</u>	<u>(137)</u>	<u>1,931</u>	<u>(638)</u>	<u>26</u>	<u>---</u>	<u>13</u>	<u>13,392</u>
 Total Net Assets – Beginning	 <u>57,426</u>	 <u>5,565</u>	 <u>1,148</u>	 <u>74,278</u>	 <u>3,350</u>	 <u>(87)</u>	 <u>---</u>	 <u>4,209</u>	 <u>145,889</u>
Total Net Assets – Ending	<u>\$ 69,488</u>	<u>\$ 5,700</u>	<u>\$ 1,011</u>	<u>\$ 76,209</u>	<u>\$ 2,712</u>	<u>\$ (61)</u>	<u>\$ ---</u>	<u>\$ 4,222</u>	<u>\$ 159,281</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2005**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Agriculture and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals  June 30, 2005
<b>Cash Flows from Operating Activities:</b>									
Receipts from Customers and Users	\$ 3,185	\$ 570	\$ (234)	\$ 1,220	\$ 594	\$ 4,307	\$ 99	\$ 653	\$ 10,394
Loans to Outside Entities	10,742	(69)	---	1,412	---	---	---	---	12,085
Payments to Vendors and Suppliers	(1,988)	(101)	---	4	---	(5)	---	(1)	(2,091)
Payments to Employees	(542)	(218)	---	(49)	---	---	---	---	(809)
Payments Made for Program Expenses	---	(1,831)	---	---	---	(4,384)	---	---	(6,215)
Payments Made for Interest Expenses	---	(74)	(446)	---	(790)	---	(331)	(568)	(2,209)
Other Receipts (Payments)	---	---	(110)	(17)	---	(4,307)	232	(11)	(4,213)
Net Cash Provided (Used) by Operating Activities	<u>11,397</u>	<u>(1,723)</u>	<u>(790)</u>	<u>2,570</u>	<u>(196)</u>	<u>(4,389)</u>	<u>---</u>	<u>73</u>	<u>6,942</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>									
Loans Receivable Principal Receipts	897	---	---	---	---	---	---	---	897
Loans Receivable Issuance	(5,716)	---	---	---	---	---	---	---	(5,716)
Due to/from Other Component Units and Primary Government	7,700	32	---	(1,690)	(175)	(48)	5,357	---	11,176
Advance to/from Other Component Units and Primary Government	---	(20)	2,165	(1,026)	2,764	4,296	(357)	---	7,822
Contributions and Intergovernmental	---	1,693	---	---	---	---	---	---	1,693
Transfers from Other Funds	---	21	---	---	---	---	---	---	21
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>2,881</u>	<u>1,726</u>	<u>2,165</u>	<u>(2,716)</u>	<u>2,589</u>	<u>4,248</u>	<u>5,000</u>	<u>---</u>	<u>15,893</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>									
Interest Expense	(496)	---	---	---	---	31	---	---	(465)
Purchases and Construction of Capital Assets	(6,484)	---	---	---	---	---	---	---	(6,484)
Bond Principal Payments (Receipts)	8,800	---	(2,165)	---	(2,315)	---	(5,000)	(85)	(765)
Contributions for Tax Credit Program	4,714	---	---	---	---	---	---	---	4,714
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>6,534</u>	<u>---</u>	<u>(2,165)</u>	<u>---</u>	<u>(2,315)</u>	<u>31</u>	<u>(5,000)</u>	<u>(85)</u>	<u>(3,000)</u>
<b>Cash Flows from Investing Activities:</b>									
Proceeds from Investment Maturities	197,966	---	---	---	---	---	---	---	197,966
Purchase or Increase in Fair Value of Investments	(205,915)	---	---	(20,697)	(177)	---	---	(1,317)	(228,106)
Interest	1,175	95	383	637	---	---	---	35	2,325
Net Cash Provided (Used) by Investing Activities	<u>(6,774)</u>	<u>95</u>	<u>383</u>	<u>(20,060)</u>	<u>(177)</u>	<u>---</u>	<u>---</u>	<u>(1,282)</u>	<u>(27,815)</u>
Net Increase (Decrease) in Cash	14,038	98	(407)	(20,206)	(99)	(110)	---	(1,294)	(7,980)
Cash and Cash Equivalents, Beginning of Year	13,814	6,756	413	40,372	5,667	403	---	4,245	71,670
Cash and Cash Equivalents, End of Year	<u>\$ 27,852</u>	<u>\$ 6,854</u>	<u>\$ 6</u>	<u>\$ 20,166</u>	<u>\$ 5,568</u>	<u>\$ 293</u>	<u>\$ ---</u>	<u>\$ 2,951</u>	<u>\$ 63,690</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:</b>									
Operating Income (Loss)	\$ (9,143)	\$ (1,674)	\$ (522)	\$ 1,198	\$ (638)	\$ (5)	\$ ---	\$ (22)	\$ (10,806)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:									
Depreciation/Amortization Expense	683	---	---	---	---	---	---	22	705
Changes in Assets and Liabilities:									
Accounts Receivable	9,449	21	(234)	---	---	---	---	---	9,236
Interest Receivable	(22)	(25)	(1)	(44)	477	---	---	(11)	374
Prepaid Items	52	---	---	---	---	---	---	---	52
Due to/from and Advances to/from Other Governments	---	---	---	---	---	(4,384)	99	85	(4,200)
Loans Receivable	---	(44)	---	1,412	---	---	---	---	1,368
Accounts Payable	(346)	12	---	4	---	---	---	---	(330)
Deposit and Reserve	10,724	---	---	---	---	---	---	---	10,724
Interest Payable	---	(13)	(33)	---	(35)	---	(99)	(1)	(181)
Net Cash Provided (Used) by Operating Activities	<u>\$ 11,397</u>	<u>\$ (1,723)</u>	<u>\$ (790)</u>	<u>\$ 2,570</u>	<u>\$ (196)</u>	<u>\$ (4,389)</u>	<u>\$ ---</u>	<u>\$ 73</u>	<u>\$ 6,942</u>



*The **Statistical Section** presentations include comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

**STATE OF MISSOURI  
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS (1)  
For the Last Ten Fiscal Years  
(In Thousands of Dollars)**

Revenues by Source	Fiscal Years Ended June 30									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Taxes	\$ 9,646,452	\$ 9,133,320	\$ 8,629,303	\$ 8,596,690	\$ 8,894,790	\$ 8,115,787	\$ 8,711,625	\$ 7,885,370	\$ 7,595,565	\$ 7,151,671
Licenses, Fees and Permits	588,513	567,550	557,986	543,824	558,439	509,953	516,032	517,813	506,412	463,290
Sales	16,849	16,645	14,579	16,082	22,525	21,528	21,919	20,100	20,583	24,454
Leases and Rentals	2,143	4,069	551	732	7,275	2,202	4,907	4,597	3,715	5,556
Services	182,112	160,528	190,663	152,232	131,283	161,184	208,680	209,765	211,750	137,751
Contributions and Intergov- ernmental	7,901,122	7,402,596	7,112,532	6,435,840	5,720,071	5,349,315	4,970,880	4,503,133	4,021,224	4,095,494
Investment Earnings, Penalties and Unclaimed Properties	98,129	42,966	108,880	122,896	181,949	186,289	192,987	206,074	178,371	151,582
Miscellaneous Revenues	440,640	472,573	557,513	783,035	821,560	307,321	114,615	92,465	91,257	110,761
<b>Total Revenues</b>	<b>18,875,960</b>	<b>17,800,247</b>	<b>17,172,007</b>	<b>16,651,331</b>	<b>16,337,892</b>	<b>14,653,579</b>	<b>14,741,645</b>	<b>13,439,317</b>	<b>12,628,877</b>	<b>12,140,559</b>
<b>Expenditures by Function</b>										
General Government	546,696	522,612	505,556	521,915	476,351	365,872	839,252	446,466	404,239	370,800
Education	5,663,301	5,371,054	5,299,208	4,544,947	4,346,419	4,096,797	3,878,866	3,742,716	3,474,767	3,234,542
Natural and Economic Resources	551,251	444,618	513,127	536,194	553,760	484,432	490,761	494,247	460,792	431,458
Transportation and Law Enforcement	955,967	882,119	911,932	861,789	829,251	766,534	1,501,163	1,336,898	1,366,067	1,299,962
Human Services	9,725,765	8,788,125	8,487,926	7,988,081	7,540,546	6,668,492	6,433,590	5,663,384	5,151,585	4,973,129
Capital Outlay	1,068,190	1,163,186	1,268,908	1,308,980	1,228,401	1,281,802	314,903	335,027	404,043	302,058
Debt Service	237,040	200,739	255,169	189,276	166,971	150,851	126,674	138,946	202,245	132,174
Article X Distribution	---	---	5,950	---	98,856	178,842	318,792	376,283	---	---
Intergov- ernmental	698,611	714,451	592,168	571,652	439,442	457,744	358,181	334,252	363,882	349,327
<b>Total Expenditures</b>	<b>19,446,821</b>	<b>18,086,904</b>	<b>17,839,944</b>	<b>16,522,834</b>	<b>15,679,997</b>	<b>14,451,366</b>	<b>14,262,182</b>	<b>12,868,219</b>	<b>11,827,620</b>	<b>11,093,450</b>
Excess Revenues (Expenditures)	\$ (570,861)	\$ (286,657)	\$ (667,937)	\$ 128,497	\$ 657,895	\$ 202,213	\$ 479,463	\$ 571,098	\$ 801,257	\$ 1,047,109

(1) Includes general, special revenue, debt service, capital projects, and permanent funds.

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

**STATE OF MISSOURI**  
**REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION**  
**GENERAL FUND – GENERAL**  
**For the Last Ten Fiscal Years**  
**(In Thousands of Dollars)**

Revenues by Source	Fiscal Years Ended June 30									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Taxes	\$ 7,340,540	\$ 6,863,914	\$ 6,446,934	\$ 6,545,160	\$ 6,796,005	\$ 6,127,541	\$ 6,740,665	\$ 6,019,057	\$ 5,830,807	\$ 5,507,457
Licenses, Fees and Permits	70,998	70,430	64,956	65,123	65,581	64,061	53,802	51,138	48,373	46,721
Sales	2,566	2,792	1,647	783	748	825	1,187	1,177	1,164	2,418
Leases and Rentals	2,021	3,939	314	411	5,909	870	650	537	122	487
Services	102,017	101,764	138,917	122,859	100,397	102,948	203,545	209,422	211,476	137,498
Contributions and Intergov- ernmental	1,172,742	1,049,146	1,113,104	704,966	694,938	240,677	599,422	549,649	413,094	477,080
Investment Earnings, Penalties and Unclaimed Properties	32,054	18,281	32,599	54,692	81,265	96,576	108,285	119,789	104,947	84,870
Miscellaneous Revenues	69,736	87,604	190,548	392,256	249,850	36,607	24,090	20,910	16,354	33,291
<b>Total Revenues</b>	<b>8,792,674</b>	<b>8,197,870</b>	<b>7,989,019</b>	<b>7,886,250</b>	<b>7,994,693</b>	<b>6,670,105</b>	<b>7,731,646</b>	<b>6,971,679</b>	<b>6,626,337</b>	<b>6,289,822</b>
<b>Expenditures by Function</b>										
General Government	394,673	338,676	423,456	434,817	379,780	264,579	748,230	375,332	330,882	302,813
Education	1,041,212	1,018,257	1,062,014	430,398	455,434	539,009	732,129	680,582	609,344	631,686
Natural and Economic Resources	42,489	45,474	54,014	60,290	75,909	77,663	76,679	59,388	54,685	68,650
Transportation and Law Enforcement	60,413	52,170	53,740	53,593	62,160	59,796	55,505	54,931	43,792	37,493
Human Services	4,917,109	4,363,332	4,276,203	4,013,189	3,873,992	2,978,688	3,276,374	2,922,627	2,694,660	2,474,625
Capital Outlay	48,382	62,438	97,789	81,019	171,240	225,090	141,148	143,947	187,816	126,915
Debt Service	59,838	59,483	104,846	46,440	41,937	33,868	14,065	23,889	98,999	37,785
Article X Distribution	---	---	5,950	---	98,856	178,842	318,792	376,283	---	---
Intergov- ernmental	84,529	87,544	89,621	90,833	76,277	84,694	67,535	48,691	51,812	41,840
<b>Total Expenditures</b>	<b>6,648,645</b>	<b>6,027,374</b>	<b>6,167,633</b>	<b>5,210,579</b>	<b>5,235,585</b>	<b>4,442,229</b>	<b>5,430,457</b>	<b>4,685,670</b>	<b>4,071,990</b>	<b>3,721,807</b>
<b>Excess Revenues</b>	<b>\$ 2,144,029</b>	<b>\$ 2,170,496</b>	<b>\$ 1,821,386</b>	<b>\$ 2,675,671</b>	<b>\$ 2,759,108</b>	<b>\$ 2,227,876</b>	<b>\$ 2,301,189</b>	<b>\$ 2,286,009</b>	<b>\$ 2,554,347</b>	<b>\$ 2,568,015</b>

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

**STATE OF MISSOURI  
TAXES**

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The Constitution of Missouri, Article X, Section 8, provides general guidelines for property taxes within the State. It limits the State tax on real and tangible personal property to ten cents on each hundred dollars assessed valuation, excluding any tax necessary to pay any bonded debt of the State.

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and tangible personal property in the State. This tax collects approximately 23 million dollars a year and is paid into the Blind Pension Fund, a special revenue fund.

**Assessed and Estimated Actual Value of Taxable Property  
For the Last Ten Years  
(In Thousands of Dollars)**

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Year (3)	Assessed Value			Total Taxable Property	
	Real Estate	Tangible Personal Property	Distributable Property of Public Utility Companies	Assessed Value (1)	Estimated Actual Value (2)
2004	\$ 54,781,401	\$ 16,554,582	\$ 3,520,951	\$ 74,856,934	\$ 322,738,367
2003	53,329,893	16,758,009	3,379,705	73,467,607	315,711,999
2002	48,990,936	16,827,556	3,523,243	69,341,735	296,021,155
2001	48,091,934	16,630,805	3,648,150	68,370,889	291,443,564
2000	43,450,656	15,893,447	3,531,220	62,875,323	267,060,094
1999	42,064,375	14,797,778	3,461,735	60,323,888	257,151,302
1998	39,066,562	13,961,314	3,279,016	56,306,892	239,898,361
1997	37,902,282	13,236,610	3,249,863	54,388,755	232,113,244
1996	34,138,325	12,458,792	3,153,027	49,750,144	211,382,255
1995	33,181,619	11,269,545	3,078,181	47,529,345	202,537,140

(1) Data Source: State Tax Commission of Missouri.

(2) Based on residential property assessed at 19%, agricultural property assessed at 12% and commercial property assessed at 32%.

(3) The data for 2005 was not available at publication date.

**STATE OF MISSOURI  
DEBT**

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The limitations on State debts and bond issues are contained in the Constitution of Missouri, Article III, Section 37. This section restricts the general assembly from contracting or authorizing the contracting of any liability of the State or the issuing of bonds therefore, except:

1. To refund outstanding bonds, the refunding bonds must have a maturity date of not more than twenty-five years from the date of issue.
2. Upon the recommendation of the governor for a temporary liability incurred by an unforeseen emergency or casual deficiency in revenues for an amount not to exceed one million dollars for any one year and to be paid in five years or less.
3. When the liability exceeds one million dollars, the general assembly as on constitutional amendments, or the people by the initiative, may submit a measure containing the amount, purpose and terms of the liability, and if the measure is approved by a majority of those voting, the liability may be incurred.

Computation of Legal Debt Margin  
June 30, 2005  
(In Thousands of Dollars)

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General Obligation Bonds Authorized	\$ 1,775,000
Unforeseen Emergency or Casual Deficiency	1,000
Less: General Obligation Bonds Issued	<u>(1,439,494)</u>
Legal Debt Margin	<u><u>\$ 336,506</u></u>

STATE OF MISSOURI  
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED  
DEBT TO TOTAL EXPENDITURES  
ALL GOVERNMENTAL FUNDS (1)  
For the Last Ten Fiscal Years  
(In Thousands of Dollars Except Ratio Data)

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<u>For the Fiscal Year Ended June 30</u>	<u>Debt Service (2)</u>	<u>Total Expenditures</u>	<u>Ratio</u>
2005	\$ 236,714	\$ 19,446,821	1.22%
2004	198,629	18,086,904	1.10
2003	252,648	17,839,944	1.42
2002	186,670	16,522,834	1.13
2001	166,971	15,679,997	1.06
2000	150,851	14,451,366	1.04
1999	126,674	14,262,182	0.89
1998	138,946	12,868,219	1.08
1997	202,245	11,827,620	1.71
1996	132,174	11,093,450	1.19

(1) Includes general, special revenue, debt service, capital projects, and permanent funds.

(2) Does not include bond issuance costs, underwriter's discount, or arbitrage rebates.

**STATE OF MISSOURI**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE**  
**AND NET GENERAL BONDED DEBT PER CAPITA**  
**For the Last Ten Fiscal Years**  
**(In Thousands of Dollars Except Ratio and Per Capita Data)**

For the Fiscal Year Ended June 30	Population (1)	Assessed Value (2)	General Bonded Debt			Net General Bonded Debt	
			Total	Less Debt Service Moneys Available	Net	Ratio to Assessed Value	Per Capita
2005	5,790	\$ N/A	\$ 2,367,910	\$ 106,320	\$ 2,261,590	N/A	\$ 390.60
2004	5,755	74,856,934	2,483,625	107,070	2,376,555	3.17	412.95
2003	5,719	73,467,607	2,311,700	80,130	2,231,570	3.04	390.20
2002	5,680	69,341,735	1,978,210	88,970	1,889,240	2.72	332.61
2001	5,643	68,370,889	1,612,340	90,477	1,521,863	2.23	269.69
2000	5,595	62,875,323	1,269,225	63,002	1,206,223	1.92	215.59
1999	5,562	60,323,888	1,273,113	64,610	1,208,503	2.00	217.28
1998	5,522	56,306,892	1,333,318	60,205	1,273,113	2.26	230.55
1997	5,481	54,388,755	1,288,678	58,746	1,229,932	2.26	224.40
1996	5,432	49,750,144	1,187,926	56,055	1,131,871	2.28	208.37

Includes general obligation bonds and other bonds which relate to governmental funds.

N/A – Information not available.

Data Sources:

- (1) U.S. Department of Commerce – Bureau of Economic Analysis. Fiscal year 2000 amounts come from the official decennial census.
- (2) State Tax Commission of Missouri – For the year ended December 31.

**STATE OF MISSOURI  
ECONOMIC DATA**

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Industrial Growth

<u>Fiscal Year</u>	<u>Expanding Companies</u>	<u>New Companies</u>	<u>New Jobs</u>	<u>Investment (In Thousands)</u>
2005	49	26	7,983	\$ 2,612,721
2004	75	35	10,696	1,524,343
2003	44	27	7,399	695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439

Data Source: Missouri Department of Economic Development.

Bank Deposits  
(In Millions)

<u>Fiscal Year</u>	<u>State Banks</u>	<u>National Banks</u>	<u>Total Deposits</u>
2005	\$ 45,968	\$ 23,028	\$ 68,996
2004	43,893	20,992	64,885
2003	41,407	21,039	62,446
2002	41,184	21,768	62,952
2001	32,950	20,219	53,169
2000	29,990	30,618	60,608
1999	31,634	34,945	66,579
1998	31,111	22,370	53,481
1997	28,167	20,002	48,169
1996	29,303	33,705	63,008

Data Source: Missouri Department of Economic Development.

**STATE OF MISSOURI  
ECONOMIC DATA**

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**Retail Sales by Store Group  
(In Thousands)**

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<u>Year</u>	<u>Food</u>	<u>General Merchandise</u>	<u>Furniture, Furnishings and Appliances</u>	<u>Automotive</u>	<u>Health/ Personal Care</u>	<u>All Other</u>	<u>Totals</u>
2005	\$ 9,671,031	\$ 12,731,225	\$ 3,747,790	\$ 21,257,849	\$ 3,814,331	\$ 18,645,209	\$ 69,867,435
2004	9,048,443	11,570,652	3,490,705	20,556,129	3,560,535	17,246,443	65,472,907
2003	8,023,131	10,447,515	3,369,425	20,291,535	2,669,433	15,523,282	60,324,321
2002	7,866,518	9,848,102	3,251,995	18,897,240	2,549,175	15,203,018	57,616,048
2001	7,741,561	9,676,695	3,200,033	18,572,559	2,508,497	14,946,218	56,645,563
2000	9,708,109	9,978,604	3,278,017	18,666,625	2,188,964	11,906,129	55,726,448
1999	9,912,908	9,525,196	3,210,288	16,561,707	1,892,555	10,923,604	52,026,258
1998	9,619,227	8,992,504	2,925,982	15,507,470	1,858,292	10,461,323	49,364,798
1997	10,377,890	8,578,221	2,496,712	12,683,473	1,844,231	10,626,251	46,606,778
1996	6,909,793	5,341,199	1,644,656	8,431,367	1,220,947	7,069,636	30,617,598

Data Source: Copyright VNU Business Media, Inc. Reprinted with permission from Editor and Publisher Market Guide.

**STATE OF MISSOURI  
ECONOMIC DATA**

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Privately Owned Housing Units Authorized by Building Permits

<u>Year</u>	<u>Number of Units</u>	<u>Valuation (In Thousands)</u>
2004	32,791	\$ 4,286,161
2003	29,309	3,596,524
2002	28,255	3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503

Data Source: U.S. Department of Commerce – Bureau of the Census.

Major Private Employers

The State's major private employers and the approximate number employed by each in 2004 were as follows:

<u>Employer</u>	<u>Number Employed</u>
1. Wal-Mart Associates, Inc.	25,000 +
2. Washington University	10,000 – 25,000
3. Boeing Corporation	10,000 – 25,000
4. Schnuck Markets, Inc.	7,500 – 10,000
5. Barnes-Jewish Hospital	7,500 – 10,000
6. Ford Motor Company	7,500 – 10,000
7. May Department Stores	7,500 – 10,000
8. Lester E Cox Medical	5,000 – 7,500
9. Daimler Chrysler	5,000 – 7,500
10. St. John's Regional Health Center	5,000 – 7,500
11. St. John's Mercy Health	5,000 – 7,500
12. Southwestern Bell	5,000 – 7,500
13. St. Louis University	5,000 – 7,500
14. United Parcel Service, Inc.	5,000 – 7,500
15. Walgreen Co. Illinois	5,000 – 7,500

Data Source: Missouri Department of Economic Development.

**STATE OF MISSOURI  
DEMOGRAPHIC STATISTICS**

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Population Statistics

<u>Year</u>	<u>Population (In Thousands)</u>	<u>% Change</u>	<u>% of Total</u>	
			<u>Urban</u>	<u>Rural</u>
2000	5,595	9.3%	67.8%	32.2%
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce – Bureau of the Census.

Office of Social and Economic Data Analysis: Demographics.

School Enrollment  
(In Thousands)

<u>Academic Year</u>	<u>Elementary and Secondary Enrollment (1)</u>	<u>Higher Education Enrollment (2)</u>	<u>Totals</u>	<u>% Change From Prior Year</u>
2004-05	892	235	1,127	0.3%
2003-04	893	231	1,124	0.5
2002-03	894	224	1,118	1.4
2001-02	890	213	1,103	0.3
2000-01	894	206	1,100	0.2
1999-00	895	203	1,098	0.5
1998-99	895	198	1,093	0.6
1997-98	893	194	1,087	1.4
1996-97	883	189	1,072	1.1
1995-96	874	186	1,060	1.0
1994-95	862	188	1,050	0.9

Data Sources: (1) Missouri Department of Elementary and Secondary Education.

(2) Missouri Department of Higher Education. These statistics are based on full-time equivalent enrollment and do not include professional/technical schools.

**STATE OF MISSOURI  
DEMOGRAPHIC STATISTICS**

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Personal Income

<u>Year</u>	<u>Missouri Total Personal Income (In Millions)</u>	<u>U.S. Total Personal Income (In Millions)</u>	<u>Missouri Per Capita Personal Income</u>	<u>U.S. Per Capita Personal Income</u>	<u>Missouri % Change From Prior Year</u>	<u>U.S. % Change From Prior Year</u>
2004	\$ 175,611	\$ 9,702,525	\$ 30,516	\$ 33,041	4.5%	4.9%
2003	166,998	9,156,108	29,199	31,487	2.9	2.2
2002	161,093	8,872,521	28,363	30,814	2.0	0.8
2001	156,937	8,716,992	27,813	30,575	2.1	2.4
2000	152,722	8,422,074	27,241	29,845	6.0	6.8
1999	142,925	7,796,137	25,697	27,939	3.1	3.9
1998	137,619	7,415,709	24,923	26,883	5.1	6.1
1997	129,992	6,907,332	23,716	25,334	5.2	4.8
1996	122,469	6,512,485	22,548	24,175	4.6	4.8
1995	115,948	6,144,741	21,559	23,076	3.4	4.1

Data Source: U.S. Department of Commerce – Bureau of Economic Analysis.

Employment  
(In Thousands Except Unemployment Rates Data)

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Total Employed</u>	<u>Total Unemployed</u>	<u>Missouri Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2004	3,028	2,867	161	5.3%	5.5%
2003	3,021	2,850	170	5.6	6.0
2002	2,990	2,825	165	5.5	5.8
2001	2,970	2,830	140	4.7	4.7
2000	2,930	2,828	102	3.5	4.0
1999	2,841	2,745	96	3.4	4.2
1998	2,854	2,735	119	4.2	4.5
1997	2,891	2,769	122	4.2	4.9
1996	2,905	2,772	133	4.6	5.4
1995	2,833	2,698	135	4.8	5.6

Data Source: Missouri State Web Page – Missouri Economic Research and Information Center and U.S. Labor Market Information Web Page.

STATE OF MISSOURI  
SCHEDULE OF MISCELLANEOUS STATISTICS  
As of June 30, 2005

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Adoption of State Constitution ..... 1821, 1865, 1877, 1945

Land Area (Square Miles) .....68,945

Miles of State Highway .....32,402

**State Highway Patrol Protection:**

Number of Troops (Stations) .....9

Number of Commissioned Highway Patrol Officers .....1,043

**Higher Education:**

Public Community Colleges –

Number of Campuses ..... 18

Number of Students [average annual full-time equivalent (FTE)] .....52,204

Number of Regular Term Teaching Positions (FTE) .....1,291

State Technical College –

Number of Campuses ..... 1

Number of Students (FTE) ..... 854

Number of Regular Term Teaching Positions (FTE) ..... 50

State Colleges/Universities –

Number of Campuses ..... 14

Number of Regular Term Students (FTE) .....100,717

Number of Regular Term Teaching Positions (FTE) .....4,597

**Recreation:**

Number of State Parks and Historic Sites ..... 84

Acres of State Parks and Historic Sites .....200,416

Number of State Conservation Areas.....1,140

Acres of State Conservation Areas .....981,139

**Sources:**

Land Area ..... Missouri State Manual

Miles of Highway..... Department of Transportation

State Highway Patrol Protection ..... Department of Public Safety/Highway Patrol

Higher Education ..... Department of Higher Education

Recreation..... Department of Conservation  
Department of Natural Resources/Division of State Parks

STATE OF MISSOURI  
ACKNOWLEDGEMENTS

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**Report Prepared by:**

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